About This Report
Our progress is measured not only in the dollars we make, but in the lives we touch and the communities we lift.

For the last 13 years, we have been proud to share our corporate responsibility efforts and achievements. Our 2018 report has been developed in collaboration with the Hormel Foods Corporate Responsibility Council and other company experts, and was reviewed and approved by the council, experts and the respective vice presidents who oversee relevant topics. Additionally, the report has also been reviewed by our executive-level Corporate Responsibility Steering Committee.

As in past years, this 2018 Hormel Foods Corporate Responsibility Report is an annual report designed to provide useful information for our stakeholders, who include employees, customers, consumers, investors, suppliers, nongovernmental organizations, government agencies and communities. It follows the GRI Standards established by the Global Reporting Initiative (GRI) and covers anecdotal and benchmark data from fiscal year 2018, unless otherwise noted. All other boundary-related information for this report can be found in the boundary and measurement section. Our previous reports covered fiscal years 2006 to 2017.
Our Goals

Our 2020 environmental goals are being measured against base year 2011 and include greenhouse gas (GHG) emissions, energy, water and solid waste.

Our packaging minimization goal was established in fiscal year 2012, and we also monitor progress toward goals designed to support animal care, sodium reduction, innovation, employee safety, inclusion and diversity, and communities. Many of our goals support the Sustainable Development Goals to end poverty, protect the planet and ensure prosperity for all.
GREENHOUSE GAS EMISSIONS
GOAL: Reduce GHG emissions by 10% by 2020.
PROGRESS
In 2018, we reduced over 8,900 metric tons of GHG emissions from our manufacturing operations — 67 percent of our goal when combined with our previous progress.

ENERGY GOAL SURPASSED
GOAL: Reduce nonrenewable energy use by 10% by 2020.
PROGRESS
In 2018, we reduced energy use by more than 128,000 MMBtu and surpassed our nonrenewable energy use reduction goal.

WATER GOAL SURPASSED
GOAL: Reduce water use by 10% by 2020.
PROGRESS
After exceeding our goal to reduce water use in 2016, we implemented additional projects that reduced water use by over 61 million gallons in 2018.
SODIUM REDUCTION

**GOAL:** Reduce sodium levels in select products within our branded retail product portfolio by an average of 15%.

- **CHI-CHI’S®, Herdez® and La Victoria® tortillas** 28%
- **Hormel® chili with beans** 15%
- **Hormel® Cure 81® retail hams** 11%
- **Hormel® smoked pork loins** 18%
- **Hormel® Canadian bacon** 28%
- **Hormel® Compleats® microwave meals** 19%
- **Hormel® refrigerated entrees** 8%
- **Valley Fresh® chicken and turkey** 21%

SOLID WASTE GOAL SURPASSED

**GOAL:** Reduce solid waste sent to landfills by 10% by 2020.

**PROGRESS**

After surpassing our goal in 2014, we continue to achieve additional reductions. In 2018, we implemented projects that reduced the amount of solid waste sent to landfills by 72 tons.

PACKAGING MINIMIZATION

**GOAL:** Reduce product packaging by 25 million pounds by 2020.

**PROGRESS**

In 2018, we reduced product packaging by 2.5 million pounds — 99 percent of our goal when combined with our previous progress.

ANIMAL WELFARE

**GOAL:** Maintain the highest standards for animal welfare and handling throughout our entire supply chain.

**PROGRESS**

In 2018, more than 2,000 audits were conducted to ensure the accountability of our standards.
INNOVATION
GOAL: Deliver 15% of sales from new products developed and launched in the previous five years.

PROGRESS
At the end of 2018, over 14% of our sales came from innovative new items.

EMPLOYEE SAFETY
GOAL: Provide a safe workplace for all employees and reduce our injury/illness rates each year.

PROGRESS

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Case Incident Rate</td>
<td>2.72</td>
<td>2.7</td>
</tr>
<tr>
<td>Days Away From Work Injury And Illness</td>
<td>0.58</td>
<td>0.46</td>
</tr>
<tr>
<td>Days Away, Restricted Or Transfer</td>
<td>1.87</td>
<td>1.89</td>
</tr>
</tbody>
</table>

*Savings are estimated annualized savings based on a full year of volume

COMMUNITIES
GOAL: Help others through our focus areas of hunger, education and supporting the local communities where we operate.

PROGRESS
We donated more than $15 million in cash and products in 2018 — a company record.

INCLUSION AND DIVERSITY
GOAL: Promote a more inclusive and diverse workplace.

PROGRESS
We have nine employee resource groups in place to support our efforts.
From our CEO

We are proud of the progress we have made as a leading corporate citizen in our industry and are excited to share our 13th annual report with you.

At Hormel Foods, we know that building social value and creating economic value are not competing goals, and we are inspired to do our part in making the world a better place. In fact, we continue to be recognized for our efforts. We were honored to once again be named as one of the 100 Best Corporate Citizens by Corporate Responsibility Magazine. In addition, we were named one of the World’s Best Employers by Forbes, a Best for Vets Employer by Military Times, and received a Global Impact Award from Convoy of Hope for our in-kind donations.

As part of Our Food Journey™, we aim to produce food responsibly for customers and consumers around the world by:

- Investing in our people and partners;
- Improving communities around the world; and
- Creating products that improve the lives of others.

I’m pleased to share the following 2018 highlights in these areas:

OUR GOALS

After surpassing our goal to reduce solid waste sent to landfills and water use by 10 percent by 2020, we continued to implement projects to achieve further reductions. We are pleased to report that we surpassed our nonrenewable energy use reduction goal in 2018. We remain on track to achieve our goal to reduce product packaging by 25 million pounds by 2020, and we expect to meet our greenhouse gas emissions reduction goal in 2020 as we work with our partners to bring a 74 MW renewable wind field online.
WATER STEWARDSHIP
In addition to reducing water use by 61 million gallons, we helped launch the Cedar River Watershed Partnership – a public-private partnership aimed at improving water quality in this watershed within our supply chain. The partnership held several events for farmers in 2018 and helps farmers in the watershed in southern Minnesota become certified through the Minnesota Agricultural Water Quality Certification Program.

ANIMAL WELFARE AND ANTIBIOTIC STEWARDSHIP
To ensure the accountability of our high standards for animal care throughout our supply chain, more than 2,000 audits were conducted. In calendar year 2018, Hormel Foods along with other food companies, retailers, livestock producers and trade and professional associations, announced a comprehensive framework to strengthen stewardship of antibiotic use in food animals. The framework was part of a two-year dialogue with stakeholders, moderated by the Farm Foundation and Pew Charitable Trusts, to ensure that antibiotics are used judiciously throughout production to protect animal and public health.

SODIUM REDUCTION AND CLEAN-LABEL INITIATIVE EFFORTS
We launched over 600 new retail and foodservice items, with many targeted toward our sodium reduction and clean-label initiative efforts.

INCLUSION, DIVERSITY, AND EMPLOYEE SAFETY
Our inspired employees are the cornerstone of our company. We continue to place great emphasis on our diversity and inclusion efforts and have nine employee resource groups in place. We also continue to put the safety of our employees first by focusing on training, audits and improving our safety performance year over year.

CHARITABLE GIVING
We donated $15 million in cash and products. This includes $7.2 million in hunger donations, our donation of 2.5 million cans of SPAMMY® (a shelf-stable poultry product to help prevent childhood malnutrition in Guatemala), and more than $967,000 in education donations.

I would like to thank all of our team members as well as our partners and suppliers, as it takes everyone working together to achieve these outstanding results. And while we celebrate these achievements, we realize there is more to accomplish on this journey.

Please read more about our progress in this report. As always, I encourage you to email sustainability@hormel.com to share any feedback you may have about our report or our corporate responsibility efforts.

Thank you,
Jim Snee
Chairman of the Board, President and Chief Executive Officer
**Key Topics Assessment**

On a biennial basis, we use a third party to help research, analyze and assess the key topics affecting Hormel Foods and the food industry.

To inform our reporting and corporate responsibility objectives, Hormel Foods engaged with BSR in 2017, a nonprofit sustainability consultancy and business network, to help us identify, prioritize and understand the topics most relevant to our business and our stakeholders. Topics were identified based on our prior assessment, industry trends and global corporate responsibility megatrends. The topics were then prioritized based on input from senior executives, our Corporate Responsibility Council and key external stakeholders, whom offer a broad and diverse perspective on Hormel Foods. We engaged senior executives representing key business functions and members of our Corporate Responsibility Council to validate our assessment and key topics.

<table>
<thead>
<tr>
<th>KEY TOPICS</th>
<th>LOCATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business ethics</td>
<td>Ethics, Governance &amp; Risk</td>
</tr>
<tr>
<td>Corporate responsibility governance</td>
<td>About Hormel Foods – Governance &amp; Financials</td>
</tr>
<tr>
<td>Lobbying, disclosure and political contributions</td>
<td>About Hormel Foods – Public Policy</td>
</tr>
<tr>
<td>Responsible marketing</td>
<td>About Hormel Foods – Responsible Marketing</td>
</tr>
<tr>
<td>Transparency, reporting and stakeholder engagement</td>
<td>About This Report – Stakeholder Feedback</td>
</tr>
<tr>
<td>PRODUCTS</td>
<td></td>
</tr>
<tr>
<td>----------</td>
<td>------------------</td>
</tr>
<tr>
<td><strong>KEY TOPICS</strong></td>
<td><strong>LOCATION</strong></td>
</tr>
<tr>
<td>Consumer education and information</td>
<td>Products – Consumer Education &amp; Information</td>
</tr>
<tr>
<td>Consumer health and safety</td>
<td>Products – Nutrition &amp; Wellness</td>
</tr>
<tr>
<td></td>
<td>Products – Food Safety &amp; Quality</td>
</tr>
<tr>
<td></td>
<td>Products – Consumer Education &amp; Information</td>
</tr>
<tr>
<td>Food safety and quality</td>
<td>Products – Food Safety &amp; Quality</td>
</tr>
<tr>
<td>Food access and affordability</td>
<td>Products – Food Access &amp; Affordability</td>
</tr>
<tr>
<td>GMOs</td>
<td>Products – Ingredients</td>
</tr>
<tr>
<td>Nutrition and wellness</td>
<td>Products – Nutrition &amp; Wellness</td>
</tr>
<tr>
<td>Safe packaging</td>
<td>Products – Food Safety &amp; Quality</td>
</tr>
</tbody>
</table>

| SUPPLY CHAIN |
|--------------|------------------|
| **KEY TOPICS** | **LOCATION** |
| Animal care | Supply Chain – Animal Care |
| Antibiotics | Supply Chain – Antibiotic Stewardship |
| Farmer livelihoods | Supply Chain – Farmer Livelihoods |
| Responsible sourcing and supply chain management | Supply Chain |
| Sustainable agriculture | Supply Chain – Sustainable Agriculture |

| ENVIRONMENT |
|-------------|------------------|
| **KEY TOPICS** | **LOCATION** |
| Air emissions | Environment – Greenhouse Gas Emissions |
| Climate change | Environment |
| Energy use and efficiency | Environment – Energy |
| Environmental compliance | About This Report – Data Summary |
| | Environment |
| Food waste and loss | Environment – Waste |
| Packaging footprint | Environment – Packaging |
| Renewable energy | Environment – Energy |
| Sustainable agriculture | Environment – Water |
| Waste management | Environment – Waste |
| Wastewater management | Environment – Water |
| Water use | Environment – Water |
### PEOPLE

<table>
<thead>
<tr>
<th>KEY TOPICS</th>
<th>LOCATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee health and wellness</td>
<td>People – Safety, Health &amp; Wellness</td>
</tr>
<tr>
<td>Employee recruitment and retention</td>
<td>People – About Our Employees</td>
</tr>
<tr>
<td>Human Rights</td>
<td>People – Human Rights</td>
</tr>
<tr>
<td>Inclusion and diversity</td>
<td>People – Inclusion &amp; Diversity</td>
</tr>
<tr>
<td>Occupational health and safety</td>
<td>People – Safety, Health &amp; Wellness</td>
</tr>
</tbody>
</table>

### COMMUNITY

<table>
<thead>
<tr>
<th>KEY TOPICS</th>
<th>LOCATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community impacts</td>
<td>Environment</td>
</tr>
<tr>
<td></td>
<td>People</td>
</tr>
<tr>
<td></td>
<td>Community</td>
</tr>
<tr>
<td>Distribution of profits</td>
<td>Community Annual Report</td>
</tr>
<tr>
<td>Food relief</td>
<td>Community – Hunger</td>
</tr>
<tr>
<td>Philanthropy</td>
<td>Community – Philanthropy</td>
</tr>
</tbody>
</table>
Stakeholder Feedback

The information within this report covers topics based on Global Reporting Initiative Standards and relevancy to our business and our stakeholders.

To select content, we assessed key topics in our industry and engaged with stakeholders to understand their concerns, questions and feedback. This dialogue gives us a picture of future topics of interest to our stakeholder groups, helps us understand the issues to anticipate and/or address, and outlines the questions we can help answer. We engage with stakeholders who have an active role or stake in our business, as well as those who help us improve as a company and are looking to engage in constructive dialogue.

In determining the information to report, we conducted a process to identify topics based on the interest of our stakeholders — a group that includes employees, customers, consumers, investors, suppliers, nongovernmental organizations, government agencies and communities.

The analysis included interviews, socially responsible investor (SRI) inquiries/questionnaires, customer questionnaires, consumer feedback, meetings, conferences and media coverage. From there, we prioritized the topics based on their importance to the business.

View the key topics assessment section for the results of our analysis.
EMPLOYEES
(Current, prospective and retired)

How Hormel Foods Engages
→ Annual performance reviews
→ Annual town hall meetings with the CEO and executives at various plants
→ Departmental meetings (ongoing)
→ Engagement surveys (ongoing)
→ Intranet (daily)
→ Monthly location-specific newsletters and quarterly companywide magazine
→ Ongoing recruitment events (college campuses, job fairs)
→ Social media (daily)

Stakeholder Interests
→ Community impacts
→ Distribution of profits
→ Employee health and wellness
→ Employee recruitment and retention
→ Environmental sustainability
→ Inclusion and diversity
→ Occupational health and safety
→ Philanthropy

How We Respond To Their Interests
→ Charitable giving
→ Employee benefits
→ Environmental sustainability goals
→ Inclusion and diversity initiatives and employee resource groups
→ Safety program and goals

Ongoing Results Of Engagement
→ Community support and retiree engagement and involvement
→ Improved safety
→ Increased employee engagement and retention

SUPPLIERS

How Hormel Foods Engages
→ One-on-one meetings (ongoing)
→ Supplier site audits (ongoing)
→ Supplier site tours (ongoing)
→ Supplier Quality Management System (ongoing)

Stakeholder Interests
→ Animal care and antibiotics
→ Farmer livelihoods
→ Responsible sourcing and supply chain management
→ Sustainable agriculture

How We Respond To Their Interests
→ Animal care standards and antibiotic stewardship efforts
→ Participate in ongoing dialogue
→ Recognize top suppliers through annual awards
→ Requirements outlined in our Supplier Responsibility Principles

Ongoing Results Of Engagement
→ Increased accountability
→ Improvement of supplier relationships
→ Improvement of supply base
→ Improvement of quality from suppliers

INVESTORS/ANALYSTS

How Hormel Foods Engages
→ One-on-one meetings (ongoing)
→ Rankings/questionnaires (annually)

Stakeholder Interests
→ Animal care and antibiotics
→ Corporate responsibility governance
→ Environmental sustainability
→ Human rights
→ Sustainable agriculture

How We Respond To Their Interests
→ Animal care standards and antibiotic stewardship efforts
→ Development of company policies
→ Environmental sustainability goals
→ Respond to questionnaires/inquiries
→ Verify data from analysts compiling rankings and indices

Ongoing Results Of Engagement
→ Benchmark data
→ Correct information

CONSUMERS

How Hormel Foods Engages
→ Consumer hotline (daily)
→ Consumer research (ongoing)
→ Social media (daily)
→ Websites (daily)

Stakeholder Interests
→ Animal care and antibiotics
→ Consumer education and information
→ Consumer health and safety
→ Environmental sustainability
→ Food access and affordability
→ Food safety and quality
→ GMOs
→ Nutrition and wellness
→ Safe packaging

How We Respond To Their Interests
→ Animal care standards and antibiotic stewardship efforts
→ Answer questions through hotline and social media channels
→ Environmental sustainability goals
→ Robust food safety program and training
→ Sodium reduction efforts
→ Use insights for new product development
**GOVERNMENT**

**How Hormel Foods Engages**
- Engagement in associations and subcommittees (ongoing)
- Hormel Foods Political Action Committee (ongoing)
- One-on-one meetings with members of Congress and regulatory agencies (ongoing)
- Public forums via panels (ongoing)
- Plant tours for elected officials (ongoing)
- Reports and regulatory filings (ongoing)

**Stakeholder Interests**
- Animal care and antibiotics
- Community impacts
- Corporate responsibility governance
- Distribution of profits
- Environmental sustainability
- Food safety
- Human rights
- Lobbying disclosure and political contributions
- Philanthropy
- Responsible sourcing and supply chain management

**How We Respond To Their Interests**
- Animal care standards and antibiotic stewardship efforts
- Charitable giving
- Consider topics raised in our reporting and operating practices
- Developed formal hunger and community giving strategy
- Developed Project SPAMMY® hunger-relief program
- Environmental sustainability goals
- Hold meetings to discuss local concerns
- Invest in community infrastructure

**Ongoing Results Of Engagement**
- Identification of risks to the business or larger issues in the industry
- Improved two-way conversation about the industry and business practices

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**NGOVERNMENTAL ORGANIZATIONS**

**How Hormel Foods Engages**
- Meetings (ongoing)
- Response to questions/concerns (ongoing)

**Stakeholder Interests**
- Animal care and antibiotics
- Business ethics
- Community impacts
- Corporate responsibility governance
- Distribution of profits
- Environmental sustainability
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**Ongoing Results Of Engagement**
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**COMMUNITIES**

**How Hormel Foods Engages**
- Charitable giving (ongoing)
- Community events (ongoing)
- Local media relations (ongoing)
- Representation and participation in community organizations (ongoing)
- Sponsorships (ongoing)
- Volunteer efforts (ongoing)

**Stakeholder Interests**
- Community impacts
- Distribution of profits
- Environmental sustainability
- Employee recruitment and retention
- Food relief
- Philanthropy
- Sustainable agriculture

**How We Respond To Their Interests**
- Charitable giving
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- Hold meetings to discuss local concerns
- Invest in community infrastructure

**Ongoing Results Of Engagement**
- Employee engagement
- Large number of community groups engaged
- Positive community relations
- Positive corporate reputation

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**Ongoing Results Of Engagement**
- Better understanding of our consumers’ concerns and interests to help provide the best products on the market
- Correct information
- Helpful suggestions for how to improve our business/products
- Improved consumer loyalty

**Stakeholder Interests**
- Animal care and antibiotics
- Business ethics
- Community impacts
- Corporate responsibility governance
- Distribution of profits
- Environmental sustainability
- Food safety
- Human rights
- Lobbying disclosure and political contributions
- Philanthropy
- Responsible sourcing and supply chain management

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**Ongoing Results Of Engagement**
- Identification of risks to the business or larger issues in the industry
- Improved two-way conversation about the industry and business practices

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**Ongoing Results Of Engagement**
- Better understanding of our practices and processes
- Communication of our culture, commitment to communities and the impact we have on the industry and in communities
- Positive business policies
Boundary & Measurement

The boundary of the report includes all entities over which Hormel Foods exercises control or significant influence with regard to financial and operating policies and practices.

Unless otherwise noted, the report does not include MegaMex Foods (less than 50 percent operational and financial control), Fresherized Foods (acquisition of a joint venture), Okinawa Hormel Ltd. (less than 50 percent operational and financial control) and Purefoods – Hormel Company (less than 50 percent operational and financial control). The following chart explains exceptions to this and gives additional information about what parts of the company are or are not included in this report, by section.
### ABOUT HORMEL FOODS

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>EXCEPTIONS/ADDITIONAL INFORMATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of employees, countries where products are sold, categories in which our brands held the No. 1 or No. 2 share and manufacturing facilities</td>
<td>Includes all</td>
</tr>
<tr>
<td>Financial information</td>
<td>As reported and defined in the company’s Annual Report</td>
</tr>
<tr>
<td>Lobbying and political action committee</td>
<td>Does not include Applegate</td>
</tr>
</tbody>
</table>

### PRODUCTS

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>EXCEPTIONS/ADDITIONAL INFORMATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clean-label initiative projects</td>
<td>Includes all projects captured through our corporate tracking systems; however, all projects may not be captured</td>
</tr>
<tr>
<td>Sodium reduction</td>
<td>Only includes brands listed, which include brands from Hormel Foods and MegaMex Foods</td>
</tr>
</tbody>
</table>

### SUPPLY CHAIN

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>EXCEPTIONS/ADDITIONAL INFORMATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audits of ingredient suppliers</td>
<td>Does not include Applegate, Justin’s, Cidade do Sol and Fontanini Italian Meats and Sausages</td>
</tr>
<tr>
<td>Diverse businesses</td>
<td>Does not include Applegate, Justin’s and international; only includes applicable vendor categories</td>
</tr>
<tr>
<td>New vendors</td>
<td>Includes all active suppliers in the company’s tracking system</td>
</tr>
<tr>
<td>Animal care audits</td>
<td>Includes all audits in our corporate and Jennie-O Turkey Store tracking systems</td>
</tr>
</tbody>
</table>

### ENVIRONMENT

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>EXCEPTIONS/ADDITIONAL INFORMATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environment</td>
<td>Includes U.S. manufacturing locations and co-pack and joint venture locations with operational control</td>
</tr>
<tr>
<td>Logistics</td>
<td>Does not include Applegate, Columbus Craft Meats, Fontanini Italian Meats and Sausages and international</td>
</tr>
<tr>
<td>Meats and Sausages and international Packaging projects and material savings</td>
<td>Includes all projects and savings captured by the corporate packaging development group</td>
</tr>
<tr>
<td>Product packaging that is recyclable and/or made from recycled materials</td>
<td>Includes strategic suppliers in the company’s tracking system</td>
</tr>
<tr>
<td>Unique packaging items</td>
<td>Includes all packaging items in the company’s tracking system</td>
</tr>
</tbody>
</table>
### People

<table>
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<th>CATEGORY</th>
<th>EXCEPTIONS/ADDITIONAL INFORMATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>People</td>
<td>Data (employment type, gender and tenure) and collective bargaining does not include international</td>
</tr>
<tr>
<td>Safety and safety training</td>
<td>Does not include Cidade do Sol, Columbus Craft Meats and international</td>
</tr>
<tr>
<td>Training</td>
<td>Includes training captured by our corporate learning and development department (may not include everything); does not include international and Fontanini Italian Meats and Sausages</td>
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</table>

### Community

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>EXCEPTIONS/ADDITIONAL INFORMATION</th>
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</thead>
<tbody>
<tr>
<td>Cash and product donation amounts</td>
<td>Amounts provided are donations recorded through our corporate donation records, which may not capture everything</td>
</tr>
</tbody>
</table>
GRI Content Index

The 2018 Hormel Foods Corporate Responsibility Report follows the standards developed by the Global Reporting Initiative (GRI), the internationally recognized standard for responsibility reporting.

This chart explains the GRI Standards that are included in our report and where they are located online. The 2018 Hormel Foods Corporate Responsibility Report is developed in accordance with the core option.

<table>
<thead>
<tr>
<th>GRI STANDARD</th>
<th>DESCRIPTION</th>
<th>LOCATION/INFORMATION</th>
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<tbody>
<tr>
<td>102-1</td>
<td>Name of the organization</td>
<td>Hormel Foods Corporation</td>
</tr>
<tr>
<td>102-2</td>
<td>Activities, brands, products and services</td>
<td>About Hormel Foods</td>
</tr>
<tr>
<td>102-3</td>
<td>Location of headquarters</td>
<td>Austin, Minn.</td>
</tr>
<tr>
<td>102-4</td>
<td>Location of operations</td>
<td>About Hormel Foods</td>
</tr>
<tr>
<td>102-5</td>
<td>Ownership and legal form</td>
<td>2018 Annual Report</td>
</tr>
<tr>
<td>102-6</td>
<td>Markets served</td>
<td>About Hormel Foods</td>
</tr>
<tr>
<td>102-7</td>
<td>Scale of the organization</td>
<td>About Hormel Foods</td>
</tr>
<tr>
<td>102-8</td>
<td>Information about employees and other workers</td>
<td>People - About Our Employees</td>
</tr>
<tr>
<td>102-9</td>
<td>Supply chain</td>
<td>Supply Chain</td>
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</table>
### Strategy

<table>
<thead>
<tr>
<th>GRI Standard</th>
<th>Description</th>
<th>Location/Information</th>
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<tbody>
<tr>
<td>102-10</td>
<td>Significant changes to the organization and its supply chain</td>
<td>2018 Annual Report</td>
</tr>
<tr>
<td>102-11</td>
<td>Precautionary Principle or approach</td>
<td>Ethics, Governance and Risk</td>
</tr>
<tr>
<td>102-12</td>
<td>External initiatives</td>
<td>Products - Food Safety &amp; Quality, Supply Chain - Antibiotic Stewardship, Hogs, Turkeys</td>
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<tr>
<td>102-13</td>
<td>Membership of associations</td>
<td>Raising Our Animals</td>
</tr>
</tbody>
</table>

### Ethics and Integrity

<table>
<thead>
<tr>
<th>GRI Standard</th>
<th>Description</th>
<th>Location/Information</th>
</tr>
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<tbody>
<tr>
<td>102-16</td>
<td>Values, principles, standards and norms of behavior</td>
<td>Ethics, Governance and Risk</td>
</tr>
<tr>
<td>102-17</td>
<td>Mechanisms for advice and concerns about ethics</td>
<td>Ethics, Governance and Risk</td>
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</table>

### Governance

<table>
<thead>
<tr>
<th>GRI Standard</th>
<th>Description</th>
<th>Location/Information</th>
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<tbody>
<tr>
<td>102-18</td>
<td>Governance structure</td>
<td>About Hormel Foods - Governance &amp; Financials, Ethics, Governance and Risk</td>
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<tr>
<td>102-19</td>
<td>Delegating authority</td>
<td>About Hormel Foods - Governance &amp; Financials</td>
</tr>
<tr>
<td>102-20</td>
<td>Executive-level responsibility for economic, environmental and social topics</td>
<td>About Hormel Foods - Governance &amp; Financials</td>
</tr>
<tr>
<td>102-21</td>
<td>Consulting stakeholders on economic, environmental and social topics</td>
<td>Ethics, Governance and Risk</td>
</tr>
<tr>
<td>102-22</td>
<td>Composition of the highest governance body and its committees</td>
<td>Ethics, Governance and Risk</td>
</tr>
<tr>
<td>102-23</td>
<td>Chair of the highest governance body</td>
<td>About Hormel Foods - Governance &amp; Financials, Ethics, Governance and Risk</td>
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<tr>
<td>102-24</td>
<td>Nominating and selecting the highest governance body</td>
<td>Ethics, Governance and Risk</td>
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<tr>
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<tr>
<td>102-25</td>
<td>Conflicts of interest</td>
<td>About Hormel Foods - Governance &amp; Financials</td>
</tr>
<tr>
<td>102-26</td>
<td>Role of highest governance body in setting purpose, values and strategy</td>
<td>About Hormel Foods - Governance &amp; Financials</td>
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<tr>
<td>102-28</td>
<td>Evaluating the highest governance body’s performance</td>
<td>2018 Proxy</td>
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<tr>
<td>102-29</td>
<td>Identifying and managing economic, environmental and social impacts</td>
<td>Ethics, Governance and Risk</td>
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<tr>
<td>102-30</td>
<td>Effectiveness of risk management process</td>
<td>About Hormel Foods - Governance &amp; Financials</td>
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<tr>
<td>102-31</td>
<td>Review of economic, environmental and social topics</td>
<td>About Hormel Foods - Governance &amp; Financials</td>
</tr>
<tr>
<td>102-32</td>
<td>Highest governance body’s role in sustainability reporting</td>
<td>About Hormel Foods - Governance &amp; Financials</td>
</tr>
<tr>
<td>102-33</td>
<td>Communicating critical concerns</td>
<td>About Hormel Foods - Governance &amp; Financials</td>
</tr>
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<td>102-35</td>
<td>Remuneration policies</td>
<td>Ethics, Governance and Risk</td>
</tr>
<tr>
<td>102-36</td>
<td>Process for determining remuneration</td>
<td>Ethics, Governance and Risk</td>
</tr>
<tr>
<td>102-37</td>
<td>Stakeholder involvement in remuneration</td>
<td>Ethics, Governance and Risk</td>
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**STAKEHOLDER ENGAGEMENT**

<table>
<thead>
<tr>
<th>GRI STANDARD</th>
<th>DESCRIPTION</th>
<th>LOCATION/INFORMATION</th>
</tr>
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<tbody>
<tr>
<td>102-40</td>
<td>List of stakeholder groups</td>
<td>About This Report - Stakeholder Feedback</td>
</tr>
<tr>
<td>102-41</td>
<td>Collective bargaining agreements</td>
<td>People - About Our Employees</td>
</tr>
<tr>
<td>102-42</td>
<td>Identifying and selecting stakeholders</td>
<td>About This Report - Stakeholder Feedback</td>
</tr>
<tr>
<td>102-43</td>
<td>Approach to stakeholder engagement</td>
<td>About This Report - Stakeholder Feedback</td>
</tr>
<tr>
<td>102-44</td>
<td>Key topics and concerns raised</td>
<td>About This Report - Stakeholder Feedback</td>
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## REPORTING PRACTICES

<table>
<thead>
<tr>
<th></th>
<th>Entities included in the consolidated financial statements</th>
<th>2018 Annual Report</th>
</tr>
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<tbody>
<tr>
<td>102-45</td>
<td>Defining report content and topic boundaries</td>
<td>About This Report - Key Topics Assessment</td>
</tr>
<tr>
<td>102-46</td>
<td>List of material topics</td>
<td>About This Report - Key Topics Assessment</td>
</tr>
<tr>
<td>102-47</td>
<td>Restatements of information</td>
<td>None</td>
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<tr>
<td>102-48</td>
<td>Changes in reporting</td>
<td>About This Report - Boundary &amp; Measurement</td>
</tr>
<tr>
<td>102-49</td>
<td>Reporting period</td>
<td>About This Report</td>
</tr>
<tr>
<td>102-50</td>
<td>Date of most recent report</td>
<td>About This Report</td>
</tr>
<tr>
<td>102-51</td>
<td>Reporting cycle</td>
<td>About This Report</td>
</tr>
<tr>
<td>102-52</td>
<td>Contact point for questions regarding the report</td>
<td>About This Report</td>
</tr>
<tr>
<td>102-53</td>
<td>Claims of reporting in accordance with the GRI Standards</td>
<td>The 2018 Hormel Foods Corporate Responsibility Report is developed in accordance with the core option</td>
</tr>
<tr>
<td>102-54</td>
<td>GRI content index</td>
<td>This is our content index</td>
</tr>
<tr>
<td>102-55</td>
<td>External assurance</td>
<td>Our report is reviewed by our internal audit department; it is not externally assured</td>
</tr>
<tr>
<td>102-56</td>
<td></td>
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</table>

## GRI 103: MANAGEMENT APPROACH

<table>
<thead>
<tr>
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<th>DESCRIPTION</th>
<th>LOCATION/INFORMATION</th>
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</thead>
<tbody>
<tr>
<td>103-1</td>
<td>Explanation of the material topic and its boundary</td>
<td>About This Report - Boundary &amp; Measurement</td>
</tr>
<tr>
<td></td>
<td></td>
<td>About This Report - Key Topics Assessment</td>
</tr>
<tr>
<td></td>
<td></td>
<td>About This Report - Stakeholder Feedback</td>
</tr>
<tr>
<td>103-2</td>
<td>The management approach and its components</td>
<td>About This Report - CEO Letter</td>
</tr>
<tr>
<td></td>
<td></td>
<td>About This Report - Our Goals</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Information about our policies and practices can be found in the appropriate category in the Responsibility section of our corporate website: hormelfoods.com/responsibility</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Information about our responsibilities, commitments, goals and targets and other initiatives can be found in this report</td>
</tr>
<tr>
<td>103-3</td>
<td>Evaluation of the management approach</td>
<td>About This Report - CEO Letter</td>
</tr>
<tr>
<td></td>
<td></td>
<td>About This Report - Data Summary</td>
</tr>
<tr>
<td></td>
<td></td>
<td>About This Report - Our Goals</td>
</tr>
<tr>
<td></td>
<td></td>
<td>We evaluate the effectiveness of our management approach for each key topic through stakeholder feedback, benchmarking external performance rankings and evaluating/monitoring our progress toward our goals</td>
</tr>
<tr>
<td>GRI STANDARD</td>
<td>DESCRIPTION</td>
<td>LOCATION/INFORMATION</td>
</tr>
<tr>
<td>--------------</td>
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<tr>
<td>201-1</td>
<td>Direct economic value generated and distributed Communities</td>
<td>2018 Annual Report</td>
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<tr>
<td>201-2</td>
<td>Financial implications and other risks and opportunities due to climate change</td>
<td>Ethics, Governance and Risk 2018 Annual Report</td>
</tr>
<tr>
<td>201-3</td>
<td>Defined benefit plan obligations and other retirement plans</td>
<td>2018 Annual Report</td>
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<table>
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<th>GRI STANDARD</th>
<th>DESCRIPTION</th>
<th>LOCATION/INFORMATION</th>
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<tbody>
<tr>
<td>301-1</td>
<td>Materials used by weight or volume</td>
<td>Environment - Packaging</td>
</tr>
<tr>
<td>301-2</td>
<td>Recycled input materials used</td>
<td>Environment - Packaging</td>
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<table>
<thead>
<tr>
<th>GRI STANDARD</th>
<th>DESCRIPTION</th>
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<tbody>
<tr>
<td>302-1</td>
<td>Energy consumption within the organization</td>
<td>Environment - Energy</td>
</tr>
<tr>
<td>302-2</td>
<td>Energy consumption outside of the organization</td>
<td>Environment - Energy</td>
</tr>
<tr>
<td>302-4</td>
<td>Reduction of energy consumption</td>
<td>Environment - Energy</td>
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</table>

<table>
<thead>
<tr>
<th>GRI STANDARD</th>
<th>DESCRIPTION</th>
<th>LOCATION/INFORMATION</th>
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<tbody>
<tr>
<td>303-1</td>
<td>Water withdrawal by source</td>
<td>Environment - Water</td>
</tr>
<tr>
<td>303-2</td>
<td>Water sources significantly affected by withdrawal of water</td>
<td>Environment - Water</td>
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<table>
<thead>
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<th>GRI STANDARD</th>
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<th>LOCATION/INFORMATION</th>
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<tr>
<td>305-1</td>
<td>Direct (Scope 1) GHG emissions</td>
<td>Environment - Greenhouse Gas Emissions</td>
</tr>
<tr>
<td>305-2</td>
<td>Energy indirect (Scope 2) GHG emissions</td>
<td>Environment - Greenhouse Gas Emissions</td>
</tr>
<tr>
<td>305-5</td>
<td>Reduction of GHG emissions</td>
<td>Environment - Greenhouse Gas Emissions</td>
</tr>
<tr>
<td>GRI STANDARD</td>
<td>DESCRIPTION</td>
<td>LOCATION/INFORMATION</td>
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<tr>
<td>306-1</td>
<td>Water discharge by quality and destination</td>
<td>Environment - Water</td>
</tr>
<tr>
<td>307-1</td>
<td>Noncompliance with environmental laws and regulations</td>
<td>About This Report - Data Summary</td>
</tr>
<tr>
<td>308-2</td>
<td>Negative environmental impacts in the supply chain and actions taken</td>
<td>Supply Chain</td>
</tr>
<tr>
<td>401-1</td>
<td>New employee hires and turnover</td>
<td>People - About Our Employees</td>
</tr>
<tr>
<td>401-2</td>
<td>Benefits provided to full-time employees that are not provided to temporary or part-time employees</td>
<td>Benefits Why Hormel Foods?</td>
</tr>
<tr>
<td>403-1</td>
<td>Workers representation in formal joint management-worker health and safety committees</td>
<td>Safety</td>
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<tr>
<td>403-2</td>
<td>Types of injury and rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities</td>
<td>People - Safety, Health &amp; Wellness</td>
</tr>
<tr>
<td>404-1</td>
<td>Average hours of training per year per employee</td>
<td>People - Training</td>
</tr>
<tr>
<td>404-2</td>
<td>Programs for upgrading employee skills and transition assistance programs</td>
<td>People - Training Professional Development</td>
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<tr>
<td>GRI STANDARD</td>
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<td>LOCATION/INFORMATION</td>
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<td>405-1</td>
<td>Diversity of governance bodies and employees</td>
<td>People - Inclusion &amp; Diversity</td>
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<tr>
<td>406-1</td>
<td>Incidents of discrimination and corrective actions taken</td>
<td>People - Inclusion &amp; Diversity</td>
</tr>
<tr>
<td>407-1</td>
<td>Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk</td>
<td>People - About Our Employees</td>
</tr>
<tr>
<td>408-1</td>
<td>Operations and suppliers at significant risk for incidents of child labor</td>
<td>People - Human Rights Supply Chain</td>
</tr>
<tr>
<td>409-1</td>
<td>Operations and suppliers at significant risk for incidents of forced or compulsory labor</td>
<td>People - Human Rights Supply Chain</td>
</tr>
<tr>
<td>412-1</td>
<td>Operations that have been subject to human rights reviews or impact assessments</td>
<td>People - Human Rights Some Hormel Foods operations had social performance assessments completed by customers/third parties</td>
</tr>
<tr>
<td>412-2</td>
<td>Employee training on human rights policies or procedures</td>
<td>People - Training Human Rights</td>
</tr>
<tr>
<td>412-3</td>
<td>Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening</td>
<td>Human Rights</td>
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</tbody>
</table>
### GRI 414: SUPPLIER SOCIAL ASSESSMENT

<table>
<thead>
<tr>
<th>GRI STANDARD</th>
<th>DESCRIPTION</th>
<th>LOCATION/INFORMATION</th>
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<tbody>
<tr>
<td>414-2</td>
<td>Negative social impacts in the supply chain and actions taken</td>
<td>Supply Chain</td>
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</table>

### GRI 415: PUBLIC POLICY

<table>
<thead>
<tr>
<th>GRI STANDARD</th>
<th>DESCRIPTION</th>
<th>LOCATION/INFORMATION</th>
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<tr>
<td>415-1</td>
<td>Political contributions</td>
<td>About Hormel Foods - Public Policy</td>
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### GRI 416: CUSTOMER HEALTH AND SAFETY

<table>
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<tr>
<th>GRI STANDARD</th>
<th>DESCRIPTION</th>
<th>LOCATION/INFORMATION</th>
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<tr>
<td>416-1</td>
<td>Assessment of health and safety impacts of products and service categories</td>
<td>Products - Nutrition &amp; Wellness</td>
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<tr>
<td>416-2</td>
<td>Incidents of noncompliance concerning the health and safety impacts of products and services</td>
<td>Products - Food Safety &amp; Quality</td>
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### GRI 417: MARKETING AND LABELING

<table>
<thead>
<tr>
<th>GRI STANDARD</th>
<th>DESCRIPTION</th>
<th>LOCATION/INFORMATION</th>
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<tbody>
<tr>
<td>417-1</td>
<td>Requirements for product and service information and labeling</td>
<td>Products - Consumer Education &amp; Information</td>
</tr>
<tr>
<td>417-2</td>
<td>Incidents of noncompliance concerning product and service information and labeling</td>
<td>Products - Food Safety &amp; Quality</td>
</tr>
<tr>
<td>417-3</td>
<td>Incidents of noncompliance concerning marketing communications</td>
<td>About Hormel Foods - Responsible Marketing</td>
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</tbody>
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### GRI 418: CUSTOMER PRIVACY

<table>
<thead>
<tr>
<th>GRI STANDARD</th>
<th>DESCRIPTION</th>
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<tbody>
<tr>
<td>418-1</td>
<td>Substantiated complaints concerning breaches of customer privacy and losses of customer data</td>
<td>No incidents to report</td>
</tr>
<tr>
<td>GRI STANDARD</td>
<td>DESCRIPTION</td>
<td></td>
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<td>--------------</td>
<td>-------------</td>
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</tr>
<tr>
<td>FP1</td>
<td>Percentage of purchased volume from suppliers compliant with the company’s sourcing policy</td>
<td></td>
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<tr>
<td>FP3</td>
<td>Percentage of working time lost due to industrial disputes, strikes and/or lock-outs by country</td>
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</tr>
<tr>
<td>FP5</td>
<td>Percentage of production volume manufactured in sites certified by an independent third party according to internationally recognized food safety management system standards</td>
<td></td>
</tr>
<tr>
<td>FP6</td>
<td>Percentage of total sales volume of consumer products, by product category, that are lowered in saturated fat, trans fats, sodium and added sugars</td>
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<tr>
<td>FP8</td>
<td>Policies and practices on communication to consumers about ingredients and nutritional information beyond legal requirements</td>
<td></td>
</tr>
<tr>
<td>FP11</td>
<td>Percentage and total of animals raised and/or processed, by species and breed type, per housing type</td>
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</tr>
<tr>
<td>FP12</td>
<td>Policies and practices on antibiotic, anti-inflammatory, hormone and/or growth promotion treatments, by species and breed type</td>
<td></td>
</tr>
<tr>
<td>FP13</td>
<td>Total number of incidents of noncompliance with laws and regulations and adherence with voluntary standards related to transportation, handling and slaughter practices for live terrestrial and aquatic animals</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>LOCATION/INFORMATION</th>
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</thead>
<tbody>
<tr>
<td>Supply Chain</td>
</tr>
<tr>
<td>People - Inclusion &amp; Diversity</td>
</tr>
<tr>
<td>Food Safety and Quality</td>
</tr>
<tr>
<td>Products - Nutrition &amp; Wellness</td>
</tr>
<tr>
<td>Products - Consumer Education &amp; Information</td>
</tr>
<tr>
<td>Raising Our Animals</td>
</tr>
<tr>
<td>Supply Chain - Antibiotic Stewardship</td>
</tr>
<tr>
<td>Supply Chain - Animal Care</td>
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## Data Summary

<table>
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<tr>
<th>TYPE</th>
<th>UNIT</th>
<th>2017</th>
<th>2018</th>
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<tbody>
<tr>
<td>Employees worldwide</td>
<td>Number (approximate)</td>
<td>More than 19,000</td>
<td>More than 20,000</td>
</tr>
<tr>
<td>Countries where our products are sold</td>
<td>Number (approximate)</td>
<td>80</td>
<td>80</td>
</tr>
<tr>
<td>Countries where our products are manufactured</td>
<td>Number</td>
<td>See our corporate website</td>
<td>See our corporate website</td>
</tr>
<tr>
<td>U.S. manufacturing facilities</td>
<td>Number</td>
<td>More than 30</td>
<td>More than 30</td>
</tr>
<tr>
<td>Net sales</td>
<td>U.S. dollars, millions</td>
<td>9,168</td>
<td>9,546</td>
</tr>
<tr>
<td>Categories in which our brands held the No. 1 or No. 2 share</td>
<td>Number</td>
<td>More than 35</td>
<td>More than 40</td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>U.S. dollars, thousands</td>
<td>221,286</td>
<td>389,607</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>U.S. dollars, thousands</td>
<td>431,542</td>
<td>168,702</td>
</tr>
<tr>
<td>Community investments</td>
<td>U.S. dollars, thousands</td>
<td>7,774</td>
<td>15,648</td>
</tr>
<tr>
<td>New items launched (retail and foodservice)</td>
<td>Number</td>
<td>More than 520</td>
<td>More than 600</td>
</tr>
<tr>
<td>Clean-label projects completed</td>
<td>Number</td>
<td>6</td>
<td>14</td>
</tr>
<tr>
<td>Sodium reduction</td>
<td>Percent reduction</td>
<td>CHI-CHI'S®, Herdez® and La Victoria® tortillas: 28</td>
<td>CHI-CHI'S®, Herdez® and La Victoria® tortillas: 28</td>
</tr>
<tr>
<td>------------------</td>
<td>-------------------</td>
<td>--------------------------------------------------</td>
<td>--------------------------------------------------</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Hormel® Canadian bacon: 27</td>
<td>Hormel® Canadian bacon: 28</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Hormel® chili with beans: 14</td>
<td>Hormel® chili with beans: 15</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Hormel® Compleats® microwave meals: 19</td>
<td>Hormel® Compleats® microwave meals: 14</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Hormel® Cure 81® retail hams: 12</td>
<td>Hormel® Cure 81® retail hams: 11</td>
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<tr>
<td></td>
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<td>Hormel® refrigerated entrees: 8</td>
<td>Hormel® refrigerated entrees: 8</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Hormel® smoked pork loins: 19</td>
<td>Hormel® smoked pork loins: 18</td>
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<tr>
<td></td>
<td></td>
<td>Valley Fresh® chicken and turkey: 20</td>
<td>Valley Fresh® chicken and turkey: 21</td>
</tr>
<tr>
<td>Product recalls</td>
<td>Number</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Purchases from new suppliers</td>
<td>Percentage</td>
<td>16</td>
<td>4</td>
</tr>
<tr>
<td>Purchases from diverse businesses</td>
<td>Percentage</td>
<td>23</td>
<td>29</td>
</tr>
<tr>
<td>Animal care audits</td>
<td>Number</td>
<td>More than 2,000</td>
<td>More than 2,000</td>
</tr>
<tr>
<td>Air emissions</td>
<td>Metric tons CO2-e</td>
<td>Direct: 220,000</td>
<td>Direct: 216,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Indirect: 417,000</td>
<td>Indirect: 478,000</td>
</tr>
<tr>
<td>Energy use</td>
<td>Direct: MMBtu/sales tonnage</td>
<td>1.75</td>
<td>Direct: 1.75</td>
</tr>
<tr>
<td></td>
<td>Indirect: Kilowatt hours (kWh)/sales tonnage</td>
<td>285</td>
<td>Indirect: 282</td>
</tr>
<tr>
<td>Water use</td>
<td>Cubic meters/sales tonnage</td>
<td>7.3</td>
<td>6.3</td>
</tr>
<tr>
<td>Solid waste</td>
<td>Pounds/sales tonnage</td>
<td>23.5</td>
<td>18.2</td>
</tr>
<tr>
<td>Packaging reduction</td>
<td>Pounds, thousands</td>
<td>1,668</td>
<td>2,504</td>
</tr>
<tr>
<td>Environmental noncompliance</td>
<td>Number of individual findings</td>
<td>3*</td>
<td>3*</td>
</tr>
<tr>
<td>Employee turnover rate</td>
<td>Percentage</td>
<td>14</td>
<td>21</td>
</tr>
<tr>
<td>Total Case Incident Rate (TCIR)</td>
<td>Number of recordable incidents per 100 full-time employees</td>
<td>2.72</td>
<td>2.7</td>
</tr>
<tr>
<td>Days Away from Work Injury and Illness (DAFWII)</td>
<td>Number of cases that involve days away from work per every 100 full-time employees</td>
<td>0.58</td>
<td>0.46</td>
</tr>
<tr>
<td>Days Away, Restricted or Transfer (DART)</td>
<td>Number of injuries or illnesses resulting in days away from work, restricted work activity or job transfer per every 100 full-time employees</td>
<td>1.87</td>
<td>1.89</td>
</tr>
<tr>
<td>Training hours</td>
<td>Average number of hours per employee</td>
<td>23</td>
<td>26</td>
</tr>
</tbody>
</table>

*Notice(s) of noncompliance from state or federal agencies
About Hormel Foods
We’re not just inspired to make great food, we’re inspired to make a difference. Hormel Foods, based in Austin, Minn., is a global branded food company with $9 billion in annual revenue. Our brands include SKIPPY®, SPAM®, Hormel® Natural Choice®, Applegate®, Justin’s®, Wholly Guacamole®, Hormel® Black Label® and many more.

We were honored in 2018 to be No. 16 on the 100 Best Corporate Citizens list by Corporate Responsibility magazine.
Governance & Financials

At Hormel Foods, we recognize that our sustainability practices directly align with our financial goals and thus, sustainability serves as a guide to our day-to-day business operations. In this way, we excel as a company and improve our sustainability performance while adhering to the highest standards of ethics.

GOVERNANCE AND POLICIES

The Board of Directors oversees all activities at Hormel Foods and assumes the ultimate responsibility of ensuring that the company’s performance is based on strong ethical practices and is aligned with the Code of Ethical Business Conduct. In fiscal 2018, the Hormel Foods Board of Directors consisted of 12 members, 11 of whom were independent. There were three women and five persons of color on the 2018 Board of Directors.

In addition, oversight of our sustainability, environmental and corporate social responsibility activities was formally added to the responsibility of the Governance Committee of our Board of Directors. Additional information about the responsibilities of this committee can be found on our corporate website.

FINANCIALS

Fiscal year 2018 marked the 52nd consecutive year the company has increased its annual dividend. Since 2008, the average dividend growth rate has been 15 percent per year.

Hormel Foods continues to deliver strong financial results. Earnings per share in 2018 increased 29 cents compared to the previous year. Since 2008, our earnings per share have grown at an average annual rate of 13.6 percent.

To read more about additional governance topics, such as risk management, visit our corporate website. To read more about our financial performance, please see our 2018 Annual Report.
Public Policy

Hormel Foods recognizes there are several legislative issues that directly affect the food industry.

As a leader in the industry, we are involved in lobbying efforts to help create an open dialogue about our company’s mission. In 2018, our lobbying efforts and activities primarily focused on agriculture, food labeling, health and labor/workplace issues, and U.S. trade policies.

Activities vary according to the issue and may involve working with legislators, the House and Senate Agricultural Committees, the U.S. Department of Agriculture and the Food and Drug Administration. We maintain a relationship with these parties in order to ensure an open discussion and that accurate information on these issues is appropriately disseminated.

In calendar year 2018, we spent $747,000 on lobbying. From our employee-funded Political Action Committee (PAC), we contributed $5,000 to the North American Meat Institute PAC and $5,000 to the Grocery Manufacturers Association PAC. Individual contributions to political parties are allowed, but the company does not directly contribute to political parties.
In 2018, we did not have any incidents of non-compliance concerning marketing communications.

**Responsible Marketing**

All advertising done by or on behalf of our company complies with the advertising industry’s self-imposed guidelines, government regulations and legislation.

As a member of the Association of National Advertisers, which works on behalf of marketers on policies, regulations and other issues affecting members, Hormel Foods is committed to ensuring all advertising done by or on behalf of our company complies with the advertising industry’s self-regulation system of codes. These self-imposed guidelines complement government regulations and legislation.

In 2018, we did not have any incidents of noncompliance with regulations or voluntary codes concerning marketing communications.
Products
Producing some of the most trusted and well-known food products in the world inspires us every day.

We believe good food should be available to everyone – food that is affordable, safe, nutritious and delicious. We continue to diversify our portfolio of products to offer consumers a wide range of options to meet their needs.

We have a goal to reduce sodium levels in select products within our branded retail portfolio by an average of 15 percent by 2020. In addition, we’ve implemented a clean-label initiative to simplify the ingredient statements of many of our products and have set a new innovation goal: to deliver 15 percent of sales from new products developed and launched in the previous five years.

600+
WE LAUNCHED OVER 600 NEW RETAIL AND FOODSERVICE ITEMS IN 2018.
## 2018 Product Highlights

### OUR SODIUM REDUCTION PROGRESS

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Product</th>
</tr>
</thead>
<tbody>
<tr>
<td>28%</td>
<td>CHI-CHI’S®, Herdez® and La Victoria® tortillas</td>
</tr>
<tr>
<td>28%</td>
<td>Hormel® Canadian bacon</td>
</tr>
<tr>
<td>15%</td>
<td>Hormel® chili with beans</td>
</tr>
<tr>
<td>19%</td>
<td>Hormel® Compleats® microwave meals</td>
</tr>
<tr>
<td>11%</td>
<td>Hormel® Cure 81® retail hams</td>
</tr>
<tr>
<td>8%</td>
<td>Hormel® refrigerated entrees</td>
</tr>
<tr>
<td>18%</td>
<td>Hormel® smoked pork loins</td>
</tr>
<tr>
<td>21%</td>
<td>Valley Fresh® chicken and turkey</td>
</tr>
</tbody>
</table>

### HORMEL® NATURAL CHOICE® SNACKS
- winner in our Innovation Best of the Best competition

### HERDEZ® GUACAMOLE
- winner of the GMA* Award for Innovation and Creativity

*Grocery Manufacturers Association

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14 clean-label projects completed
9 products recognized with Progressive Grocer Editors’ Picks awards
Nutrition & Wellness

We have a Health, Science and Wellness Advisory Council (a cross-functional team consisting of research and development, marketing, consumer insights, regulatory affairs and packaging) in place that discusses health and wellness, consumer trends, and initiatives and strategies for our product portfolio.
CLEAN-LABEL INITIATIVE
We have implemented a clean-label initiative to simplify the ingredient statements of many of our retail products through the removal or replacement of ingredients, while still delivering great-tasting items that consumers expect. This means products are evaluated for a simpler ingredient list, using ingredients familiar to consumers, and no artificial colors or flavors.

In 2018, we initiated 13 clean-label projects, and 14 clean-label projects were completed. Those completed in 2018 included several of our foodservice products and our retail La Victoria® enchilada sauces.

In addition to the company’s retail products clean-label efforts, our Foodservice division is focusing on clean labels as well. Knowing that foodservice operators and their patrons desire their ingredients and menu items to reflect what they find in their pantries, all Hormel Foods Foodservice innovation efforts will continue to be chef-inspired with easily recognized ingredients, smart sodium levels and on-trend preparation methods. Innovation product successes include Hormel® Fire Braised™ meats, Hormel® Natural Choice® meats and Hormel®Fuse™ burgers. These items are 100 percent natural (minimally processed with no artificial ingredients) with zero preservatives, no artificial colors, no nitrates or nitrites except for those naturally occurring, and have no gluten-containing ingredients.

SODIUM REDUCTION
Our Health, Science and Wellness Advisory Council has set an important sodium reduction goal: By 2020, we aim to reduce sodium levels in select products within our branded retail portfolio by an average of 15 percent.
SODIUM REDUCTION BY PRODUCT CATEGORY

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Product Description</th>
</tr>
</thead>
</table>
| 28%        | CHI-CHI’S®, Herdez®
and La Victoria® tortillas |
| 28%        | Hormel® Canadian bacon |
| 15%        | Hormel® chili with beans |
| 19%        | Hormel® Compleats®
microwave meals |
| 11%        | Hormel® Cure 81®
retail hams |
| 8%         | Hormel® refrigerated entrees |
| 18%        | Hormel® smoked pork loins |
| 21%        | Valley Fresh®
chicken and turkey |

HORMEL HEALTH LABS

Our Hormel Health Labs subsidiary provides food options for health care centers, special care facilities, caregivers and individuals to meet the dietary needs of various conditions. Hormel Health Labs is a leader in providing nutrition resources to people with swallowing difficulties (dysphagia) through the Thick & Easy® line of food, beverages and mixes designed to help people continue to enjoy their favorite items safely and tastily.

Hormel Health Labs is also a leader in nutrition for people at risk of malnutrition, which spans many conditions, including cancer treatment, kidney disease, diabetes and cardiovascular disease, to name a few. Through multiple product lines, we offer a wide variety of highly fortified functional food and beverages.

Please visit the Hormel Health Labs website for more information: www.HormelHealthLabs.com

PERCENT OF SODIUM REDUCTION BY CATEGORY*

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Product Description</th>
</tr>
</thead>
</table>
| 100%       | CHI-CHI’S®, Herdez®
and La Victoria® tortillas |
| 39%        | Hormel® Cure 81®
retail hams |
| 90%        | Hormel® Canadian bacon |
| 99%        | Hormel® refrigerated entrees |
| 94%        | Hormel® chili with beans |
| 90%        | Hormel® smoked pork loins |
| 55%        | Hormel® Compleats®
microwave meals |
| 100%       | Valley Fresh®
chicken and turkey |

*Percent of item sales within category with a sodium reduction or developed with decreased sodium parameters
Food Safety & Quality

Hormel Foods has a Food Safety Steering Committee that oversees the operation of three important food safety task forces.

Hormel Foods has robust food safety and sanitation systems based on Hazard Analysis and Critical Control Points principles to ensure the safety of our products.

Food safety systems are overseen by company personnel, independent third parties, the U.S. Department of Agriculture and the U.S. Food and Drug Administration.

In 2018, we issued two product recalls – one for Herb-Ox® beef granulated bouillon due to an undeclared allergen (approximately 4,400 cases), and one for SPAM® classic and Hormel® Black Label® luncheon loaf due to a mechanical failure that resulted in equipment damage and a manufacturing issue (approximately 14,200 cases).

All employees receive food safety training appropriate for their responsibilities within the company. In addition, Hormel Foods has a Food Safety Steering Committee that oversees the operation of three important food safety task forces: Prevention and Detection, Assurance and Training.

The packaging of our products also plays an important role in ensuring food safety. Our packaging scientists determine the best packaging techniques for all of our products. A variety of packaging materials and options are used, including modified atmosphere packaging, vacuum packaging and packaging designed for low-acid, shelf-stable foods.

As we prepare products to be sold, they undergo multiple stages, checks and balances. Our packaging scientists do a thorough review of products, taking into account the entire manufacturing process, as well as customer and consumer usage.

For more information about our food safety and quality program, visit our corporate website: HormelFoods.com/responsibility.
Food Access & Affordability

As a global branded food company, we understand the importance of food access and affordability in feeding the world’s growing population.

As such, we focus our efforts around donating products to help those in need, supporting hunger-relief organizations and offering a wide variety of products to meet the needs of consumers.

For example, we produce everything from meat products and shelf-stable meals and meat items, to peanut butter and guacamole products. We offer a variety of sizes at various price points for most of our products.

In addition, for the past several years our Hormel® Natural Choice® brand team has supported the Twin Cities Mobile Market. This grocery store on wheels goes directly into low-income neighborhoods to sell fresh fruits, vegetables, meats, dairy products and basic dry goods at below-market prices.

For more information about our efforts to donate products to help those in need and support hunger-relief organizations, please visit the community section of this report. For more information about the wide variety of our brands and products, please visit our corporate website.
Consumer Education & Information

It is important to provide consumers with the information they need so they can determine what products meet their nutritional needs and prepare them safely.

Nutrition label panel accuracy is critical to ensure our products are delivering the expected dietary needs of our consumers. We operate an ongoing internal nutrition label verification program to ensure all nutrition panel information is accurate. We also provide nutritional information on our product websites to give consumers easy access to this important product information.

All product labels are developed by our team of highly trained technical label experts. This team has decades of industry experience in label development in accordance with mandatory and voluntary labeling elements.

We manage our labeling and formulation controls through an integrated software system, which maintains profiles and specifications of all ingredients, as well as the associated suppliers. This system is designed to identify all allergens (e.g., milk, wheat, soy, peanuts, tree nuts, eggs, fish, crustacean shellfish); sensitive ingredients (e.g., sulfate, MSG); country of origin; supplying plant location; date of purchase; nutrition information and other detailed specifications. All elements of this database are maintained through a working relationship with our suppliers.

Our in-house consumer engagement team is another excellent resource for consumers and is available to provide information and answer questions via mail, phone, email and social media. In 2018, this team fielded more than 111,000 contacts.
Innovation

At Hormel Foods, we’re inspired by the quest of our founder George A. Hormel to “Originate, don’t imitate.”

We continue to direct our attention to understanding the ever-changing needs of our consumers and customers through observations, conversations and ethnography. This work feeds our innovation efforts as we design products that meet the lifestyles, life stages and needs of our global consumer base.

We recently introduced a new innovation goal: to deliver 15 percent of sales in the year 2020 generated from products created in the last five years. At the end of 2018, we are proud to report that over 14 percent of our sales came from innovative new items.

As part of our product innovation approach, we have a team dedicated to innovation management. This team is responsible for major new product development projects in our company, and we have a system for measuring key indicators to help manage the new product innovation process. We also have formalized a companywide governance system to maintain the necessary checks and balances of our product innovation process, hold an annual summit for employees involved in innovation, and have an Innovation Steering Committee that meets monthly to review the company’s innovation progress.

In 2014, we established an internal Innovation Best of the Best competition to recognize teams and highlight our focus on successful innovation. In 2018, the Hormel® Natural Choice® snacks team was named the winner.

Our consumer engagement team is dedicated to maintaining strong relationships with our consumers, while ascertaining consumer tastes and preferences in changing demographics. By interacting with consumers on a daily basis, our team can better evaluate consumer needs. In 2018, the consumer engagement team fielded more than 111,000 contacts.
NEW OPTIONS & RECOGNITION

In 2018, we launched over 600 retail and foodservice items. These items included SKIPPY® P.B. & Jelly Minis and Jennie-O® ground chicken. We also received the Grocery Manufacturers Association Award for Innovation and Creativity for Herdez® guacamole salsa, and the following products were recognized with Progressive Grocer Editors’ Picks awards:

→ Applegate Naturals® cheeses;
→ Applegate Naturals® peppered Genoa salami;
→ Columbus® raised without antibiotics uncured Genoa salame;
→ Herdez Taqueria Street Sauce® products;
→ Hormel® Black Label® real bacon bits singles;
→ Hormel® Natural Choice® stacks;
→ Jennie-O® premium peri peri chicken breast;
→ Wholly® Simply Avocado® dip and spread; and
→ Wholly® guacamole snack cups.

Strategic acquisitions continue to be a focus for the company for continued growth and additional innovation opportunities. Listed below are some of our recent acquisitions:

Applegate Farms, LLC
In 2015, we acquired Applegate Farms, LLC, owner of the Applegate® brand (the No. 1 brand in the natural and organic prepared meats category). As a growing number of consumers choose natural and organic products, this purchase provides Hormel Foods and Applegate a faster path to expanded offerings in this high-growth category.

Justin’s LLC
In 2016, we acquired Justin’s LLC, owner of the Justin’s® brand and a pioneer in nut butter-based snacking.

Cidade do Sol and Fontanini Italian Meats and Sausages
In 2017, we acquired Cidade do Sol, a growing, branded, value-added meats company in Brazil. The company offers more than 70 products in 15 categories including authentic meats such as mortadella, sausage and salami for Brazilian retail and foodservice markets under the popular Ceratti® brand. We also acquired Fontanini Italian Meats and Sausages, a branded foodservice business, from Capitol Wholesale Meats, Inc. Fontanini specializes in authentic Italian meats and sausages, as well as a variety of other premium meat products including pizza toppings and meatballs.
Supply Chain
At Hormel Foods, our multifaceted supply chain includes suppliers of hogs, turkeys, ingredients, packaging materials and transportation.

SUPPLIER RESPONSIBILITY PRINCIPLES AND SOURCING POLICIES
All of our suppliers are required to follow our Supplier Responsibility Principles to ensure the quality of products and services we receive from our suppliers. We assess our commitment to responsible environmental and social performance. In partnership, we deliver quality products and add value to society.

In addition, we work closely with our palm oil and South American beef suppliers to ensure that they comply with these principles as well as additional requirements we have outlined. We made a commitment to source only sustainable palm oil that is fully traceable to the plantation level by the end of 2020. We are pleased to report that we are making great progress toward this commitment and will share additional information in future reports.

If a supplier is found to be in violation of our Supplier Responsibility Principles/sourcing policies, we require the supplier to implement corrective actions. If appropriate corrective actions cannot be agreed to or are not made, Hormel Foods will suspend or discontinue purchases from the supplier.

SUPPLIER ASSESSMENT
We have established supplier quality management (SQM), which evaluates our suppliers based on quality, delivery, service, technology and price. Our ingredient suppliers are subject to additional measurements to further ensure quality and food safety. Suppliers that exceed our established standards are eligible for our annual Hormel Foods Spirit of Excellence Awards. In 2018 alone, we recognized 71 suppliers for their performance.

To exemplify our commitment to supply chain sustainability management, we require third-party food safety audits of all of our ingredient suppliers. In addition to the third-party food safety audits, in 2018 we conducted an additional 40 food safety supplemental audits. If suppliers are found to be noncompliant, appropriate action is taken — up to and including termination.

Hormel Foods values the long-standing relationships we have established with our suppliers. In fact, in calendar year 2018 only approximately 4 percent of our purchases were from new suppliers. We are continuously looking for ways to assess our current supplier relationships to ensure that environmental/social risks are addressed and mitigated. In 2017, we completed a high-level water risk assessment of our top suppliers. We also assessed over 80 suppliers on environmental and social risks in 2018.

SUPPLIER DIVERSITY PROGRAM
In addition to ensuring our suppliers comply with the food safety standards recognized by the Global Food Safety Initiative (GFSI), we make a concerted effort to give diverse companies such as small, women-owned, minority-owned and veteran-owned businesses the opportunity to supply quality products that meet our company’s growing business needs. As a result of our supplier diversity program, in calendar year 2018 we purchased 29 percent of our resources from diverse businesses (small businesses, women-owned businesses, minority-owned businesses and veteran-owned businesses). This percentage includes independent family-owned hog farms.

80+
WE ASSESSED OVER 80 SUPPLIERS ON ENVIRONMENTAL AND SOCIAL RISKS IN 2018.

71
SPIRIT OF EXCELLENCE AWARDS
given to suppliers for performance
Animal Care

Since 1891, we have strived to maintain the highest standards for animal welfare and handling throughout our entire supply chain.

We have a commitment to unwavering animal welfare standards and environmental stewardship — not because someone is watching, but because it is the right thing to do. To verify that our animal welfare requirements are being met, we conduct assessments and audits. In addition, we have several animal welfare committees in place to ensure the accountability of our standards.

**2018 SPIRIT OF EXCELLENCE**

3 awards for provisions

19 awards for procurement

**ANIMAL WELFARE PRINCIPLES**

Our goal is to maintain the highest standards for animal welfare and handling throughout our entire supply chain.

To maintain our standards, we have developed the following principles:

- All farms will provide a balanced and nutritious diet and water.
- A safe and humane environment will be furnished for every animal throughout its life, including minimizing stress, managing social needs and controlling temperature.
- Every facility will be properly maintained with the animals’ well-being in mind, including appropriate facilities and space and the utilization of compassionate, stress-reducing techniques during handling.
- Animals will be raised to be healthy and provided with the best in medical care, including veterinary oversight and the identification of prompt treatment of sick animals. When medically necessary, we use antibiotics responsibly and focus on reducing the use of antibiotics that are important to human health.
- We will follow clearly documented humane procedures in the event an animal needs to be euthanized.
We developed our standards in conjunction with animal care experts, including renowned authorities on humane animal husbandry, to ensure that every animal is raised in a healthy environment and treated with care, respect and compassion throughout its entire life. Our network of family farm suppliers understands and shares these values.

Hormel Foods has a zero-tolerance policy toward the mistreatment of animals through abuse or neglect. We have strict requirements related to animal care, overseen by veterinarians, third-party experts and a team of animal welfare professionals at Hormel Foods.

In addition to these principles, we have additional requirements for hogs and turkeys and our Applegate subsidiary has additional animal care requirements as well. For more information about our animal care and antibiotic stewardship efforts, please visit our corporate website.

**HOGS**

All hog producers participate in the Hormel Foods Quality Assurance Program. This program certifies them in the proper way to transport and treat animals on their farms. In addition, all farms are subject to third-party audits.

Our annual Spirit of Excellence Awards recognize hog producers that exemplify our commitment to quality at Hormel Foods. In 2018, we recognized three suppliers in the provisions category and 19 suppliers in the procurement category.

Quality assurance and operations personnel perform daily internal audits in our processing facilities to maintain the highest animal care practices. In 2018, two external audits were performed by outside auditors in our processing facilities. Internally, we participated in over 1,100 formal audits, and over 130 audits were conducted by company management at our processing facilities on an unannounced, random basis.

In 2018, we did not have any notices of intended enforcement from the Food Safety and Inspection Service as a result of material noncompliance with laws and regulations related to our transportation, handling and slaughtering practices.

**TURKEYS**

Jennie-O Turkey Store follows the animal welfare guidelines of the National Turkey Federation as the auditing criteria for our hatcheries, grower farms and processing plants. We are proud to consistently score in the highest category.

In 2018, 550 internal audits were conducted by the Jennie-O Turkey Store live production quality assurance department, and over 160 production National Turkey Federation audits were performed by managers and supervisors of live production.

Daily internal audits at Jennie-O Turkey Store processing facilities conducted by quality assurance and operations personnel help maintain the highest animal care practices. Jennie-O Turkey Store participated in nine internal formal audits, and over 80 audits were conducted by company managers at processing facilities on an unannounced, random basis.

In 2018, we did not have any notices of intended enforcement from the Food Safety and Inspection Service as a result of material noncompliance with laws and regulations related to our transportation, handling and slaughtering practices.
Antibiotic Stewardship

We understand the importance of using antibiotics responsibly in all settings, including animal agriculture, and our responsibility to reduce the use of medically important antibiotics in order to maintain their effectiveness.
Protecting human health and the health of our animals is of the utmost importance and we are proud of our ongoing stewardship efforts:

- Reducing the use of antibiotics – Reducing the need for antibiotics has been and continues to be important to us. We continue to focus our efforts on keeping our animals healthy so that antibiotics aren’t needed. For example, we employ seven veterinarians at our Jennie-O Turkey Store subsidiary — more than any other turkey company in the industry — and partnered with a leading animal veterinary clinic to help define long-term health strategies for our company-owned farm. We also continue to research ways to use products such as probiotics and phytobiotics to maintain animal health and welfare for turkeys. In addition, veterinarians monitor and evaluate the health and welfare of all of our animals, as well as our antibiotic use, on an ongoing basis.

- Responsible use of antibiotics – We comply with the U.S. Food and Drug Administration’s industry guidelines that eliminates the use of medically important antibiotics for growth promotion. While we continue to make reductions in antibiotic use, we believe the responsible use of antibiotics includes the appropriate treatment of sick animals. When antibiotics are needed to properly care for an animal, only approved medications and dosage levels are used under the direction of a veterinarian. In addition, Hormel Foods has a leading animal welfare auditing program and ensuring the responsible use of antibiotics is a key part of that program.

- Raised without antibiotics – Hormel Foods has invested in producing raised-without-antibiotics products. In fact, our purchase of Applegate is a significant commitment in this regard. Our Applegate® product portfolio is produced entirely from animals raised without antibiotics. If antibiotics are given to an animal, that animal does not enter the Applegate supply chain. In addition, our Jennie-O Turkey Store subsidiary produces several raised-without-antibiotics products.

- Partnerships – To further demonstrate our commitment to this important issue, in 2015 we formed an Antibiotic Working Group comprised of internal subject-matter experts, leading non-governmental organizations, including the Pew Charitable Trusts and Farm Foundation, veterinarians and other stakeholders to discuss and continue to advance this important industry topic. We also review and explore research opportunities and participate in industry antibiotic initiatives.

In calendar year 2018, Hormel Foods along with other food companies, retailers, livestock producers and trade and professional associations, announced a comprehensive framework to strengthen stewardship of antibiotic use in food animals. The framework was part of a two-year dialogue with stakeholders, moderated by the Farm Foundation and Pew Charitable Trusts, to ensure that antibiotics are used judiciously throughout production to protect animal and public health.

The 15 core components of the antibiotic stewardship framework are based on the importance of veterinary guidance and partnership, disease prevention strategies and optimal treatment approaches, as well as effective record keeping and a culture of continuous improvement and commitment to antibiotic stewardship. The components address education, implementation and evaluation steps for phasing in stewardship programs. The framework’s guiding principles are intended to help ensure that stewardship programs have a clear scientific basis, are transparent, minimize the risk of unintended consequences, encourage alternatives to antibiotics, and focus on long-term sustainability.

A key component of the industry framework is reporting and measurement. Hormel Foods is working with others in the industry to create a systemwide measurement plan and protocol that can be used consistently within the farm industry.
Sustainable Agriculture

Hormel Foods recognizes the critical role that sustainable agricultural practices play in meeting the world’s food demands while protecting our natural resources.

That’s why we have developed a Sustainable Agriculture Policy that applies to our direct suppliers, contract animal producers and feed grain growers.

In 2017, we completed a high-level water risk assessment of our top suppliers through our participation in the AgWater Challenge. We have also completed our first water risk questionnaire set with key suppliers to gain additional insight into the supply chain management of water risks. In 2018, we helped launch the Cedar River Watershed Partnership — a public-private partnership aimed at improving water quality in this watershed within our supply chain. The partnership has held several events for farmers, including a field day educational event that focused on maximizing soil health. A priority of the partnership is helping farmers in the watershed become certified through the Minnesota Agricultural Water Quality Certification Program. We will continue to be engaged in this initiative, will promote water quality certification within our supply chain, and will continue to explore additional ways to promote sustainable agriculture.

In 2018, we helped launch the Cedar River Watershed Partnership — a public-private partnership aimed at improving water quality.
Farmer Livelihoods

Ensuring the livelihoods of farmers is important to us as we rely upon hundreds of family farmers for hogs and turkeys. In fact, many family farmers have been suppliers to us for multiple generations.

Through our long-term relationships with hog producers, farmers are ensured a market for their animals. In addition to these agreements, our Jennie-O Turkey Store subsidiary also offers long-term contract grower agreements. Under this arrangement, Jennie-O Turkey Store owns and provides the turkeys, feed, and veterinary care, and the farmers get paid for raising the turkeys and the use of their facilities.

In addition, we are proud to have representatives serving as members, officers and directors of the boards of many industry organizations that support agriculture and farmer livelihoods. For more information about our industry collaboration, please visit our corporate website.

Many family farmers have been suppliers to us for multiple generations.
Environment
We are inspired to do our part in making the world better. That’s why we place great emphasis on minimizing environmental impacts when producing products for customers and consumers around the world. Our efforts include a focus on protecting water quality, reducing fresh water use and improving our mix of renewable energy sources, recognizing the importance of these actions in light of the effects of climate change.

To minimize our environmental impact, we set goals to reduce our non-renewable energy use, water use, solid waste sent to landfills and greenhouse gas (GHG) emissions by 10 percent by 2020 at our domestic manufacturing facilities. These goals are established on a target to implement projects that provide absolute reductions equaling 10 percent of our base-year level (2011). We invest in our facilities and establish specific metrics to improve the efficiency of our operations to help meet these environmental goals across the company.

In addition to these goals, we aim to reduce our product packaging by 25 million pounds by 2020. Our packaging team regularly evaluates our packaging design, consistently looking for minimization opportunities.
Our Environmental Progress

2020 GOALS
Reduce nonrenewable energy use, water use, solid waste sent to landfills and GHG emissions by 10 percent, and reduce product packaging by 25 million pounds.

GHG EMISSIONS
In 2018, we implemented projects that resulted in a reduction of over 8,900 metric tons of GHG emissions from our domestic manufacturing operations, reaching 67 percent of our goal when combined with our progress since 2012. We expect to meet our GHG emissions reduction goal in 2020 as we work with our partners to bring a 74 MW renewable wind field online.

ENERGY
In 2018, we implemented projects that resulted in reduced energy use exceeding 128,000 MMBtu. We are pleased to report we surpassed our nonrenewable energy use reduction goal in 2018.

WATER
After exceeding our goal to reduce water use in 2016, we implemented additional projects that reduced water use by 61 million gallons in 2018. In addition, we have developed and published our Sustainable Agriculture Policy, completed a high-level water risk assessment of our top suppliers and are a founding member of the Cedar River Watershed Partnership.

SOLID WASTE
We surpassed our solid waste sent to landfills reduction goal in 2014. In 2018, we implemented projects that reduced the amount of solid waste sent to landfills by 72 tons.

PACKAGING
In 2018, our packaging team’s sustainability initiatives resulted in 2.5 million pounds in savings.* When combined with our progress made since 2012, these savings represent 99 percent of our goal to reduce product packaging by 25 million pounds by 2020.

FACILITY IMPROVEMENTS
We implemented more than $2.2 million in facility improvements related to environmental sustainability efforts.

For information about how we manage environmental compliance, please visit our corporate website: hormelfoods.com/responsibility.

*Savings are estimated annualized savings based on a full year of volume reduction.
Greenhouse Gas Emissions

At Hormel Foods, we have a number of projects in place that help reduce our greenhouse gas (GHG) emissions, ranging from improvements to our facilities to the way we transport our products to our customers.

As established from our 2011 base year, our goal is to implement projects that reduce GHG emissions by 92,000 metric tons of carbon dioxide equivalent (CO2-e) by 2020. In 2018, we implemented projects that resulted in a reduction of over 8,900 metric tons of GHG emissions from our domestic manufacturing operations, reaching 67 percent of our goal when combined with progress since 2012. Of the total GHG emissions, direct GHG emissions were approximately 31 percent and indirect GHG emissions were approximately 69 percent. Normalized GHG emissions for manufacturing plants were 0.289 metric tons of CO2-e per ton of products sold, up 1 percent from the prior-year level. We expect to meet our GHG emissions reduction goal in 2020 as we work with our partners to bring a 74 MW renewable wind field online.
RENEWABLE ENERGY INITIATIVES

We support the renewable energy markets by subscribing to community solar gardens at five manufacturing locations, including a co-sponsorship with Westar Energy for its first community solar garden near Wichita, Kan., where we manufacture most of our Hormel® Natural Choice® bacon products.

We look forward to continuing our support of renewable energy through additional solar power initiatives and the addition of a 74 MW renewable wind field that will be brought online in 2020.

LOGISTICS

With our worldwide presence, Hormel Foods relies on transportation via truck, train and ship to deliver our products to customers. We do so in a way that minimizes our impact on air quality. We transport our products as efficiently as possible by structuring pallet loads, reviewing product mixes and improving route planning. Load factors averaged approximately 88 percent of vehicle weight capacity in 2018.

We recognize that our methods of intermodal shipments need to be reassessed on a regular basis and thus, we continue to evaluate best practices. Intermodal shipments combine the best attributes of truck and rail shipping. For long distances, this method of transportation can cut fuel use and GHG emissions by 70 percent, compared to truck-only moves.* In 2018, we had over 8,200 intermodal shipments. These shipments accounted for approximately 13.2 million miles and saved approximately 1.6 million gallons of diesel fuel, versus shipping solely by truck.

RECENT PROJECTS TO REDUCE AIR EMISSIONS

INDIRECT GHG EMISSIONS SAVED

<table>
<thead>
<tr>
<th>Metric Tons</th>
<th>Project Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>41+</td>
<td>Jennie-O Turkey Store Benson Ave. Plant (Willmar, Minn.)</td>
</tr>
<tr>
<td>141+</td>
<td>Progressive Processing (Dubuque, Iowa)</td>
</tr>
</tbody>
</table>

Our Jennie-O Turkey Store Benson Ave. Plant team needed to find a way to heat the location’s office space after the municipality eliminated the district heating program. Rather than purchasing expensive fossil fuel-burning furnaces, the team incorporated existing steam systems into a new heating loop for the office. The project resulted in an annual savings of over 41 metric tons of indirect GHG emissions – the energy equivalent to driving a vehicle over 100,000 miles.*

Our Progressive Processing team installed a new lighting control panel and controller to take advantage of skylights in select areas of the plant. The new controller turns off unnecessary lights when the natural lighting is at a sufficient level. This small addition resulted in an annual savings of over 141 metric tons of indirect GHG emissions – enough to offset the emissions from 77 tons of burned coal.*

For additional information, please see our CDP climate change response.

*According to the United States Environmental Protection Agency’s Greenhouse Gas Equivalencies Calculator

*Average of the following sources:
Truckloads are 65 percent less efficient than rail (U.S. Environmental Protection Agency Office of Transportation and Air Quality)
Updated trucks prove to be 75 percent less efficient than locomotives (Association of American Railroads)
Energy

In 2018, we implemented projects that resulted in reduced energy use exceeding 128,000 MMBtu. When combined with our results since 2012, we have surpassed our reduction target of 692,000 MMBtu by 12 percent. We will continue to implement additional energy reduction projects as we work to establish a new goal.

We look forward to continuing our support of renewable energy through additional solar power initiatives and the addition of a 74 MW renewable wind field that will be brought online in 2020.
2018 PROGRESS
Normalized direct energy (MMBtu/sales tonnage) in 2018 was 1.67 and normalized indirect energy (kWh/sales tonnage) in 2018 was 282. Our normalized direct and indirect energy use improved, compared to our prior-year level.

NORMALIZED DIRECT ENERGY
1.67
MMBtu/sales tonnage

NORMALIZED INDIRECT ENERGY
282
kWh/sales tonnage

RENEWABLE ENERGY INITIATIVES
We continue to support the renewable energy markets by subscribing to community solar gardens at five manufacturing locations, including a co-sponsorship with Westar Energy for its first community solar garden near Wichita, Kan., where we manufacture most of our Hormel® Natural Choice® bacon products.

RECENT PROJECTS TO REDUCE ENERGY CONSUMPTION

100K+ MMBtu
Austin (Minn.) Plant
Our Austin Plant was able to identify an alternative to using boiler steam for heating sanitation water. The team focused on the design and installation of the most efficient heat recovery system available to fit the plant’s needs. Through the addition of ammonia heat exchangers and a hot water storage tank, the plant was able to save over 100,000 MMBtu of natural gas per year with an additional 17 million gallons of water savings. This is enough energy to power over 600 homes for a year, and enough water to serve nearly 500 homes for a year.*

1M+ kWh
Columbus Craft Meats (Hayward, Calif.)
At our Columbus Craft Meats facilities, the team took advantage of improved efficiencies and reduced costs of LED lighting. Through careful planning and execution, they were able to replace all of the lights in two manufacturing locations with low-wattage, high-output LED bulbs. This retrofit resulted in an annual savings of over 1 million kWh of electricity – enough energy to charge over 90 million smartphones.*

*According to the Environmental Protection Agency’s Greenhouse Gas Equivalencies Calculator
Water

Water usage continues to be a top priority for all of our stakeholders and thus, continues to be a priority at Hormel Foods.

After surpassing our 2020 goal in 2016 to reduce water use by 0.5 billion gallons, we have continued to achieve additional reductions. In 2018, we successfully implemented projects that reduced water use by 61 million gallons, exceeding our goal by 64 percent when combined with our progress since 2012. Total manufacturing water use during 2018 was 4 billion gallons. We will continue to focus on water reduction and efficiency improvements as we work to establish a new goal.

Our water sources for our domestic manufacturing facilities are solely from municipal utilities. We consistently look for ways to improve our equipment and engage our employees on an ongoing basis to achieve water use reduction through behavior-based initiatives. Normalized usage (cubic meters/sales tonnage) for 2018 was 6.3, a 14 percent improvement, compared to our prior-year level.

In addition to monitoring our water usage, we evaluate our operations to determine the business risk associated with water scarcity. After careful evaluation, we confirmed that Hormel Foods does not have manufacturing operations in areas defined as water-scarce regions by the Food and Agriculture Organization of the United Nations. We have identified three manufacturing facilities that are located in regions defined as overall high risk, using the World Resources Institute’s Aqueduct Water Risk Atlas. Access-to-water risk remains low at all domestic manufacturing locations, and we remain committed to driving water reduction and efficiency improvements at these and all manufacturing locations.

We have published our Sustainable Agriculture Policy and completed a high-level water risk assessment of our top suppliers through our participation in the AgWater Challenge. We have also completed our first water risk questionnaire set with key suppliers to gain additional insight into the supply chain management of water risks. In 2018, we helped launch the Cedar River Watershed Partnership — a public-private partnership aimed at improving water quality. The partnership has held several events for farmers, including a field day educational event that focused on maximizing soil health. A priority of the partnership is helping farmers in the watershed in southern Minnesota become certified through the Minnesota Agricultural Water Quality Certification Program. We will continue to be engaged in this initiative, will promote water quality certification within our supply chain, and will continue to explore additional ways to promote sustainable agriculture.
RECENT PROJECTS TO REDUCE WATER USAGE

8M+ gallons of water saved
Austin (Minn.) Plant
Our Austin Plant team recognized an opportunity to automate the cooling of products coming off a cook line. By adding a simple temperature control package and an automatic valve, the team was able to save more than 8 million gallons of water annually – enough to fill over 51 million 20-ounce bottles of water.

15M+ gallons of water saved
Jennie-O Turkey Store Willmar Ave. Plant (Willmar, Minn.)
Our Jennie-O Turkey Store Willmar Ave. Plant team took simple steps to achieve great water savings. Among the projects implemented were the installation of a recirculating water loop system and improving the efficiency of the water nozzles throughout the facility. These actions have resulted in annual savings of over 15 million gallons of water per year – enough to offset the average water use in 872,000 residential showers.

6.8M gallons of water saved
Osceola (Iowa) Food
Our Osceola Food team worked hard to identify opportunities that would allow team members to clean equipment better while using less water. Partnering with equipment experts, the team identified an opportunity to retrofit an existing cleaning system with a new spray bar system, which improved cleaning and resulted in a reduction of 6.8 million gallons of water – enough to wash over 226,000 large loads of laundry in a high-efficiency clothes washer.

WASTEWATER MANAGEMENT
The efficient treatment of process water is an important part of our operations and a key focus of our environmental programs. Our goal extends beyond full compliance to developing collaborative partnerships in the communities where we operate.

Whether by direct discharge or indirect discharge via municipal wastewater systems, treated process water from our manufacturing locations is distributed to the following watersheds (percentage denotes the breakdown of wastewater distribution to each location).

<table>
<thead>
<tr>
<th>Watershed</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upper Mississippi</td>
<td>86%</td>
</tr>
<tr>
<td>Missouri</td>
<td>3.2%</td>
</tr>
<tr>
<td>South Atlantic</td>
<td>5.6%</td>
</tr>
<tr>
<td>Souris/Red River</td>
<td>2.5%</td>
</tr>
<tr>
<td>Other watersheds</td>
<td>2.7%</td>
</tr>
</tbody>
</table>
Waste

Reducing our solid waste generation across our operations continues to be an important environmental topic that we work to address. After surpassing our 2020 goal in 2014, we continued to implement projects to achieve additional reductions.

As a member of the Grocery Manufacturers Association, we support the Food Waste Reduction Alliance’s efforts to:

→ Reduce food waste by half by 2020, based on 2016 levels;
→ Increase the amount of food donations; and
→ Recycle unavoidable food waste by diverting it from landfills.

Hormel Foods has a rich history of donating food to those in need. To learn about our efforts in 2018, visit the community section of this report.

We make every effort to divert food waste to the most beneficial end use possible. Depending on the nature of the food waste and the location of the generation, our food waste can be used as animal feed, as feedstock for anaerobic digestion, as a composting substrate or as a synthetic nutrient substitute.

72 ton reduction

In 2018, our operations implemented projects that reduced the amount of solid waste sent to landfills by 72 tons.
2018 PROGRESS
After surpassing our 2020 goal in 2014 to reduce solid waste sent to landfills by 3,500 tons per year, we have continued to implement projects to achieve additional reductions as we work to establish a new goal.

In 2018, our operations implemented projects that reduced the amount of solid waste sent to landfills by 72 tons. These reductions helped offset the impacts from challenges in the recycling and alternative disposal markets, resulting in normalized total solid waste (pounds/sales tonnage) for 2018 of 18.2 pounds per salable ton, a 23 percent decrease from the prior-year level.

RECENT PROJECTS TO REDUCE LANDFILL WASTE
The efficient treatment of process water is an important part of our operations and a key focus of our environmental programs. Our goal extends beyond full compliance to developing collaborative partnerships in the communities where we operate.

Whether by direct discharge or indirect discharge via municipal wastewater systems, treated process water from our manufacturing locations is distributed to the following watersheds (percentage denotes the breakdown of wastewater distribution to each location).

REDUCED SOLID WASTE
18+
tons (sent to landfills)
Lloyd’s Barbeque Company
(Mendota Heights, Minn.)
Our Lloyd’s Barbeque Company team demonstrated once again that simple changes can have a big impact. The team identified a single-source recycling outlet for all common and office areas, sourced a better metal recycling vendor and identified a new outlet for recycling plastic barrels. These changes resulted in an annual reduction of more than 18 tons of solid waste sent to landfills.

REDUCED SOLID WASTE
16+
tons (sent to landfills)
Creative Contract Packaging
(Aurora, Ill.)
Often waste can be reduced by changing to a more efficient package size. Our Creative Contract Packaging team used this knowledge to identify a more efficient packaging size for incoming liquid ingredients. By switching from smaller nonreturnable containers to larger returnable plastic totes, they were able to reduce waste sent to landfills by more than 16 tons.
Packaging

Hormel Foods has a dedicated group of employees that regularly evaluates our packaging design, consistently looking for minimization opportunities.

The packaging team collaborates with all departments and examines the entire supply chain for sustainability initiatives that will benefit all divisions. In calendar year 2018, this team initiated 28 projects and completed 27 projects. Combined, these projects resulted in 2.5 million pounds in savings.* When combined with our progress made since 2012, these savings represent 99 percent of our goal to reduce product packaging by 25 million pounds by 2020.

PRODUCT PACKAGING

Hormel Foods uses more than 12,000 unique items to package and produce our products, including corrugated paperboard, labels, films, cans, plastic bags, displays, glass containers, metal closures and plastic closures. Approximately 87 percent of our product packaging, by weight, is recyclable and/or made from recycled materials.

RECENT PROJECTS TO REDUCE PRODUCT PACKAGING*

| **413K** | pounds of material saved |
| Box Design Change | A box design change was made for Hormel® side dishes that resulted in less corrugate use. This conversion resulted in a material savings of more than 413,000 pounds. |

| **28K** | pounds of material saved |
| Jar Height Optimization | We reduced the jar height of our Herb Ox® bouillon jars, which resulted in less plastic and corrugate use and improved shipping efficiencies. These changes resulted in a material reduction of over 28,000 pounds. |

Note: Due to the breadth of input materials used in production and packaging, we cannot report on the total weight of materials used throughout the company until we have a reliable process to measure and track this information.

*Savings are estimated annualized savings based on a full year of volume
In 2018, we received project entries from across the company in our Sustainability Best of the Best competition.

**Recognition**

Through our internal Sustainability Best of the Best annual competition, we recognize and reward Hormel Foods teams that have identified improvement opportunities and implemented changes.
INTERNAL RECOGNITION
In 2018, we received project entries from across the company in our Sustainability Best of the Best competition. The Austin (Minn.) Plant team was chosen as the champion for their focus on the design and installation of the most efficient heat recovery system available to fit the plant’s needs. The project resulted in an annual energy savings of over 100,000 MMBtu of natural gas per year with an additional 17 million gallons of water savings. To learn more about this project, please visit the energy section of this report. Also see our Environmental Sustainability Policy for more information about the commitment our company has made to environmental sustainability objectives.

EXTERNAL RECOGNITION
In 2018, our continued dedication to reducing our environmental footprint resulted in recognition by a number of independent sources.

**Colorado Department Of Public Health And Environment**
Awarded our Mountain Prairie Farms location (Las Animas, Colo.) with a Gold Award. The Environmental Leadership Program recognizes Colorado organizations for going above and beyond compliance with state and federal regulations in their commitment to continual environmental improvement.

**ProFood World**
Gave our Beloit (Wis.) Plant team an award for solid waste stream optimization efforts.

**North American Meat Institute**
Recognized several of our locations for implementing an environmental management system (EMS). These locations received Tier 3 recognition, indicating full EMS implementation without third-party certification.

**North American Meat Institute**
The North American Meat Institute recognized several Hormel Foods locations for implementing an environmental management system (EMS). These locations received Tier 3 recognition, indicating full EMS implementation without third-party certification.

**Walmart**
Recognized the company as a Giga-Guru in their Project Gigaton program for our efforts to reduce greenhouse gas emissions.
As one of the most trusted food companies in the world, our inspired people are making a difference around the world. Our employees are the cornerstone of our company and of the fulfillment of our purpose of — Inspired People. Inspired Food.™ That’s why we place great importance on the growth, development and engagement of our employees, which in turn, helps with retention.
ONGOING GOALS
We aim to promote a more inclusive and diverse workplace and provide a safe workplace for all team members.

2018 Workforce

Location

50% employees with 5+ years of service

92% United States

6% Asia

2% other countries

17% salaried

83% hourly

4% temporary

20K+ team members worldwide

488K training hours

52% of workforce represented by ethnic minorities

37% of workforce represented by women

9 employee resource groups

robust safety program

50% of workforce with 5+ years of service

20K+ team members worldwide

488K training hours

52% of workforce represented by ethnic minorities

37% of workforce represented by women

9 employee resource groups

robust safety program

50% of workforce with 5+ years of service
About Our Employees

Our people are the driving force behind our innovation, improvement and success. We consider the tenure of our employees an important indicator of our overall company performance, and we’re proud of our tenure figures.

In 2018, our turnover rate for all team members was 21 percent. Additionally, we are proud to report that 50 percent of our team members had five or more years of service, and our 36-person officer team had an average of 26 years of service.
Hormel Foods adheres to the National Labor Relations Act and respects the rights of employees to choose whether or not they want to organize a collective bargaining unit. We do not have any operations in which the right to exercise freedom of association and collective bargaining is at significant risk.
Safety, Health & Wellness

Our constant focus on the safety of our team members is a top priority for the company and is demonstrated by our results that continually exceed industry benchmarks.

Our dedicated corporate safety department develops and administers companywide policies to ensure the safety of each team member and compliance with Occupational Safety and Health Administration (OSHA) standards. The corporate safety department also conducts annual audits of our manufacturing plants to ensure compliance with company safety policies.

One example of how Hormel Foods instills the principles of safety into everyday operations is through the creation of our Safety Awareness Mascot (SAM). The Hormel Foods safety department introduced SAM in 2015 to brand the safety process and increase employee understanding of the company’s safety principles. Hormel Foods also holds a biennial safety conference for its safety managers from across the country and has a Safety Elite recognition program that recognizes locations that have achieved superior performance.

1K+ safety assessments
Hormel Foods completes more than 1,000 safety assessments each month companywide.
INJURY/ILLNESS RATES

Our goal is to provide a safe workplace for all team members and reduce our injury/illness rates each year. Our injury/illness incident rates are better than the Bureau of Labor Statistics (BLS) industry average for North American Industry Classification System (NAICS) 3116 Animal Slaughtering and Processing.

**Total Case Incident Rate**

OSHA calculates the Total Case Incident Rate (TCIR) as the number of OSHA recordable incidents multiplied by 200,000 hours and divided by the total hours worked that year. In 2018, the TCIR at Hormel Foods was 2.7, which is better than the BLS industry average of 4.8.

**Days Away From Work Injury And Illness**

Days Away from Work Injury and Illness (DAFWII) measures an injury or illness that involves one or more days away from work. In 2018, the DAFWII rate at Hormel Foods was 0.46, which is better than the BLS industry average of 0.9.

**Days Away, Restricted Or Transfer**

Days Away, Restricted or Transfer (DART) measures the days an employee has restricted work activity or job transfer, or both. In 2018, our DART rate was 1.89, which is better than the BLS industry average of 3.5.

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Case Incident Rate</td>
<td>2.72</td>
<td>2.7</td>
</tr>
<tr>
<td>Days Away From Work Injury And Illness</td>
<td>0.58</td>
<td>0.46</td>
</tr>
<tr>
<td>Days Away, Restricted Or Transfer</td>
<td>1.87</td>
<td>1.89</td>
</tr>
</tbody>
</table>

SAFETY TRAINING

Hormel Foods conducts safety training for an average of 15,745 team members in our locations every month and completes more than 1,000 safety assessments each month companywide. In 2018, Hormel Foods conducted an average of 7,781 lockout-tagout (LOTO) inspections per quarter and held semi-monthly company-wide safety conference calls with plant safety personnel.

HEALTH AND WELLNESS

We recognize that our team members perform best when they are healthy, and that optimal performance is necessary for us to achieve our Key Results. In addition to our healthcare benefits package, our Inspired Health program aims to cultivate and maintain a culture of health and wellness that is focused on encouraging and empowering team members to make healthy lifestyle choices through awareness, prevention and positive health behavior changes. This program includes biometric screenings, on-site fitness centers and fitness center discounts, an online health university with robust information and resources, a tobacco cessation program, wellness challenges, confidential health and wellness support 24 hours a day, seven days a week, and more.

To keep health and wellness top of mind for our team members, our company’s intranet features a wellness blog that shares tips and inspiring stories of team members who are making healthy lifestyle choices.
Training

In order to support our tradition of fostering long-term employment by promoting from within, employees receive formal training throughout their careers at Hormel Foods, applicable to their levels of responsibility and expertise.

We spent approximately 488,000 total hours on training in 2018. This equated to approximately 26 hours of training per team member. For additional information about our training programs, please visit our corporate website.

Team members are also trained on policies and procedures concerning aspects of human rights that are relevant to our operations. In 2018, approximately 9,900 hours were spent on human rights training. (Some of these hours may be included in our total training hours.)
Inclusion & Diversity

We believe a diverse workforce fosters innovation and cultivates an environment filled with unique perspectives.

Hormel Foods is committed to having an inclusive workplace and has nine employee resource groups (ERGs): Hormel African American Resource Group; Hormel Asian American Professionals Association; Nuestra Gente (Hormel Foods Hispanic Resource Group); Women’s Insights Network; Hormel Professionals Representing Out and United Individuals & Allies; Hormel Young Professionals Enterprise; Hormel Military Veterans Engagement Team; Hormel Food and Agriculture Resource Members; and Hormel Integrating Relevant Experiences. These groups help us better understand diverse groups of consumers and relate to diverse groups of employees. Read more about these ERGs on our corporate website.

We work hard to ensure we engage in nondiscriminatory pay practices so that our team members are compensated fairly and appropriately, regardless of gender, race, age or any other protected status. In 2018, there were no substantiated reports of discrimination. There were also no industrial disputes, strikes or lockouts. Therefore, Hormel Foods did not lose any hours of working time.

Diverse board of directors; three women and five persons of color.

Best Employers for Veterans according to Military Times.

- 37% of workforce was female
- 0 reports of discrimination substantiated in 2018
- 52% of workforce represented by ethnic minorities
- 0 strikes or lockouts in 2018
Human Rights

We are committed to promoting and protecting human rights within our operations and in our supply chain.

Our human rights practices and expectations are part of our Code of Ethical Business Conduct, other policies, Supplier Responsibility Principles and supplier contracts. In addition, our Human Rights Statement outlines additional measures we have in place to protect the rights of others.

Hormel Foods team members are trained on policies and procedures concerning aspects of human rights that are relevant to our operations. In 2018, around 9,900 hours were spent on human rights training. (Some of these hours may be included in our total training hours in the training section of this report.)

In addition to these efforts, Hormel Foods is a member of the Consumer Goods Forum and Global Social Compliance Program, which have initiatives in place to work collaboratively to improve the lives of workers around the world.

For additional information about our human rights efforts, please visit our corporate website. HormelFoods.com/responsibility.
Communities
At Hormel Foods, we’re inspired to help others. For us there is no daylight between good citizenship and good business. From cash and product donations to scholarships and volunteer initiatives, we continually look for ways to do our part in making the world a better place.

We focus our philanthropic efforts on three areas: hunger, education and supporting the local communities where we operate. These areas closely align with our business initiatives, and over the years we’ve learned they are also the areas our employees are most passionate about.

We are pleased to report that in 2018 we donated more than $15 million in cash and products – a company record. This includes $7.2 million in hunger donations, our donation of 2.5 million cans of SPAMMY® (a shelf-stable poultry product to help prevent childhood malnutrition in Guatemala), and more than $967,000 in education donations.
2018 Donations

**2.5M** cans of SPAMMY®

**$340K**

to local charities

in 34 communities

**1M+** meals* through

_Hams for Hunger®_ program

**$7.2M**

hunger donations including

products we donated to food banks

and disaster-relief efforts

**$967K**

education donations including

cash donations made through

our Matching Gifts Program

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**THE HORMEL FOUNDATION**

The Hormel Foundation is a nonprofit 501(c)(3) organization established in 1941 by George A. Hormel and his son, Jay C. The Hormel Foundation supports charitable, educational and scientific organizations in Austin, Minn., including The Hormel Institute. It is one of the top giving foundations in Minnesota. Learn more about The Hormel Foundation. For more information, please visit [www.thehormelfoundation.com](http://www.thehormelfoundation.com).

**THE HORMEL INSTITUTE**

Started in 1942 by Jay C. Hormel, The Hormel Institute has a seven-decade history of making significant scientific discoveries aimed at improving the health of the world. For the past 20 years, The Hormel Institute has targeted its cutting-edge research on better ways to prevent, detect and treat cancer. Learn more about The Hormel Institute: [www.hi.umn.edu](http://www.hi.umn.edu).

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*using the estimation of 3 ounces = 1 meal*
Hunger

In 2018, we continued our commitment to helping end hunger around the world by donating a total of $7.2 million (or 5.7 million individual meals*) to hunger-relief efforts, including products we donated to food banks and disaster-relief efforts. We are proud to partner with organizations such as Feeding America, Second Harvest Heartland, Convoy of Hope, Food For The Poor, Caritas Arquidiocesana and Conscious Alliance. Their teams help us distribute our products to those in need.

1M+ meals
Over 1 million meals were provided through our Hams for Hunger® program.*
EXAMPLES OF OUR HUNGER-RELIEF EFFORTS

Project SPAMMY®

We specifically designed and developed SPAMMY®, a shelf-stable poultry product fortified with vitamins and minerals, to help malnourished children in Guatemala. Working with Food For The Poor and Caritas Arquidiocesana to distribute the product to family centers and orphanages, we donated 2.5 million cans of SPAMMY® in 2018. Furthermore, many of our team members and their guests made the journey to Guatemala to help with the project. In total, we’ve donated approximately 19 million cans of SPAMMY® since the initiative began.

We continue to engage with stakeholders to determine the best ways to scale Project SPAMMY® to other countries around the world.

Hormel Foods Plant Community Donations Program

Through the Hormel Foods Community Donations Program, Hormel Foods provides funds to its U.S. manufacturing facilities and subsidiaries to share with local hunger-relief organizations in their communities. In 2018, $340,000 was donated to local charities in 33 communities.

For example, our Algona (Iowa) Plant donated $10,000 to the Food Bank of Iowa, and our Atlanta Plant (Tucker, Ga.) donated $10,000 to Hosea Feed the Hungry and Homeless.

Disaster Response

2018 was a devastating year in terms of natural disasters around the world. We once again partnered with Convoy of Hope and others to assist with hunger-relief efforts through our Disaster-Response Program.

In 2018, we helped stock Convoy of Hope’s warehouse with SPAM® products that could be used in these situations. We also donated $10,000 to the organization to assist with its efforts. Convoy of Hope responded to Hurricane Michael, the California wildfires and many other major natural disasters. For our support of these and other efforts, Convoy of Hope honored Hormel Foods with its 2018 Global Impact Award. The award is based on in-kind donations and is only given to one organization each year.

Hams For Hunger®

Through our Hams for Hunger® program, we work with our retail partners to donate Hormel® Cure 81® hams to food banks and other organizations throughout the United States. In 2018, over 1 million meals were provided through this program.**

Pine Ridge Indian Reservation

Our Justin’s subsidiary donates Justin’s® squeeze packs to help support the Bring Nutrition Home Backpack Program. In 2018, 10,000 squeeze packs were donated. The program provides bags of healthy, kid-friendly food for students at Isna Wica Owayawa (Loneman School) on the Pine Ridge Indian Reservation in South Dakota for the weekend. All of the students (K-8) receive free and reduced price lunches at this school.***

During Hunger Action Month in September, Hormel Foods and Justin’s donated products, and team members traveled to Pine Ridge to assemble 400 meal bags and help stock food-pantry shelves. Check out the video below for more information about this initiative.

In addition to these efforts, members of the Justin’s team make an annual trip to the reservation in November to assemble and pass out meals.

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*Using the Feeding America estimations of $1 donated = 10 meals and 1.2 pounds donated = 1 meal
**Using the estimation of 3 ounces = 1 meal
***https://www.consciousalliance.org/project-entries/backpack-program-2/
Philanthropy

We know how important it is to support education, as well as initiatives that build better communities. From scholarship opportunities to volunteer efforts and donations, we are proud of our ongoing efforts.

We are proud to be a partner in a reading program for kindergartners.
EXAMPLES OF OUR EFFORTS

Community Rec Center
Hormel Foods provided a significant monetary donation and matched team member donations to help fund the building of a recreation center to serve the community of Austin, Minn., home of the company’s Corporate Office and its flagship production facility. The project is scheduled for completion in late 2019.

Hormel Heroes Scholarships
Hormel Foods created the Hormel Heroes Scholarship Program to support female students with military backgrounds pursuing careers in culinary arts or a program related to foodservice management. The program is administered by the National Restaurant Educational Foundation. In 2018, we awarded two $10,000 scholarships.

Reading Program
We are proud to be a partner in a reading program for kindergartners in Austin, Minn. The program is designed to pair working professionals with students and provides an environment where students learn the joy of reading through one-on-one interactions. Many of our team members volunteered their time to participate during the 2017-2018 school year.

Undergraduate College Scholarships
For the 52nd consecutive year, Hormel Foods awarded 17 undergraduate college scholarships to children of full-time, retired and deceased team members of Hormel Foods and its subsidiaries. Hormel Foods has provided funds for the scholarship program since 1966, and recipients receive awards amounting to $2,000 per year for four years. These students showed exemplary scholastic abilities and leadership qualities, outstanding standardized test scores and significant involvement in their schools and communities.

Jennie-O Turkey Store Scholarships
Each year, our Jennie-O Turkey Store subsidiary awards Continuing Education Scholarships in the amount of $1,000 and Golden Excellence Scholarships in the amount of $6,000 to selected sons and daughters of team members. In 2018, Jennie-O Turkey Store awarded 66 students with $1,000 scholarships and two students with $6,000 scholarships.

Team Member Volunteer Hours
Our team members support organizations in their communities, electing to help others through monetary donations as well as volunteering their time and talents. In fact, our Jennie-O Turkey Store team members reported a total of more than 10,000 volunteer hours in 2018.* We are in the process of capturing this information for all our locations so we can include it in future reports.

*Self-reported by employees – includes work and personal time
We’re united to make a difference, with our people, in our communities, and through our products.

**Our Food Journey™**

At Hormel Foods, we’re not just inspired to make great food. We’re inspired to make a difference.

Our team of inspired people, 20,000 strong, is a collection of innovators and foodies, scientists and entrepreneurs, advocates and ambassadors, working together to build a distinctly different type of company, one that truly understands our position in the world and the difference we can make.

Since the beginning, we’ve believed that social responsibility is more than giving away a percentage of our profits at the end of the year. While we are committed to many worthy causes, including cancer research and fighting childhood hunger, it is our core business – efficiently producing delicious food for the world’s growing population – of which we are most proud. We believe in making good food available to everyone. This means ensuring access to affordable, safe, nutritious and delicious foods with recognizable ingredients.

Good business and good stewardship go hand in hand with environmentalism, water and energy conservation, and improvements designed to make our food supply safer and ultimately better for us all. Given our role in helping to feed America and the world for more than 125 years, we know that building social value and creating economic value are not competing goals. For us, there is no daylight between good citizenship and good business.

“We know that building social value and creating economic value are not competing goals. And where Our Path Forward is our compass, Our Food Journey is our North Star.”

— JIM SNEE, Chairman of the Board, President and Chief Executive Officer
We understand the power of partnerships to accomplish more in this world. Our partnership approach includes our team of 20,000 inspired people. It is this focus that has earned us a spot as one of Forbes World’s Best Employers, among other honors. This spirit of collaboration extends to our long-term partnerships with a world-class group of suppliers, partners and retailers. We work together to strive for continuous improvement, unmatched responsibility and transparency ranging from sustainable sourcing and human rights to uncompromising animal welfare and environmental stewardship.

We know that small changes or actions can in fact lead to large-scale and meaningful impact. Nowhere is this more evident than in the work Hormel Foods is doing to lift up communities around the world. In 2018, we donated more than $15 million to causes we care about – hunger, education and even cancer research. As one of the most admired food companies in the world, it is our obligation to create safe, wholesome food for all; be a good neighbor and motivated steward of our water, energy and land and do our part to reduce food waste.

We believe in good food being available to everyone as we ensure access to foods that are affordable, safe, nutritious and delicious. We have focused on transparency and cleaner labels with foods that are simpler with more recognizable ingredients and helping people feel good about the food choices they make. We have also used our expertise to produce food that gives back – from our childhood hunger relief efforts in Guatemala with Project SPAMMY® to creating products designed for those undergoing cancer treatment, we will continue to lead the way in creating products that improve the lives of others.